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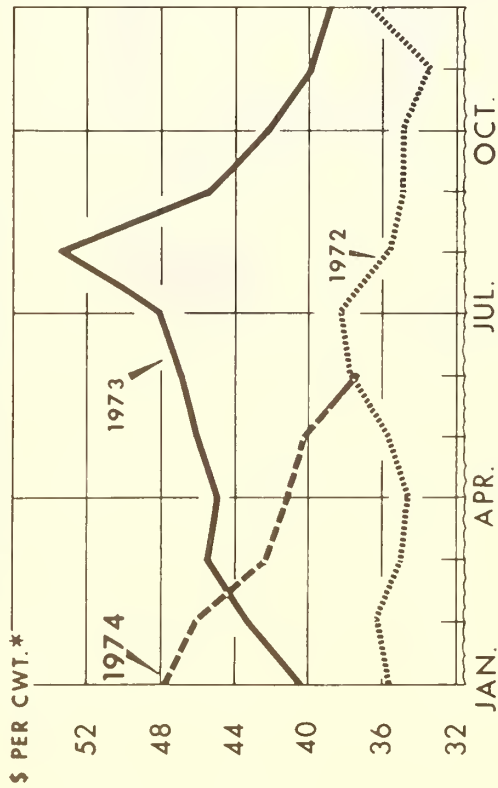
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LIVESTOCK AND MEAT Situation



SLAUGHTER STEER PRICES

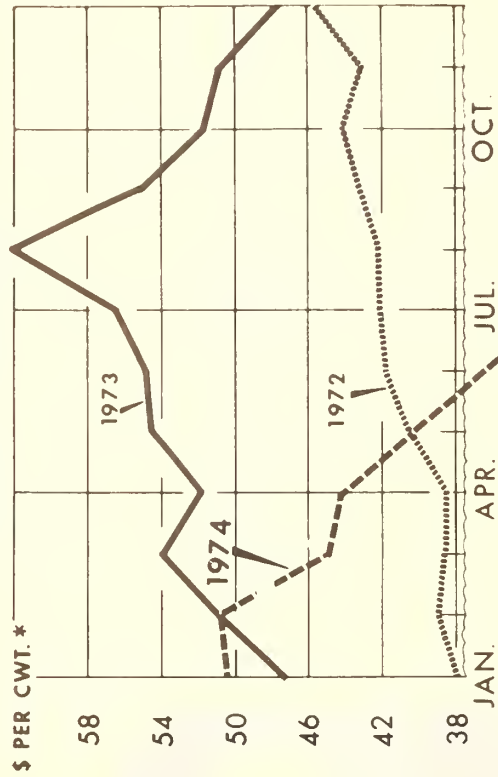


*CHOICE GRADE, SOLD OUT OF FIRST HANDS AT OMAHA

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FEEDER STEER PRICES

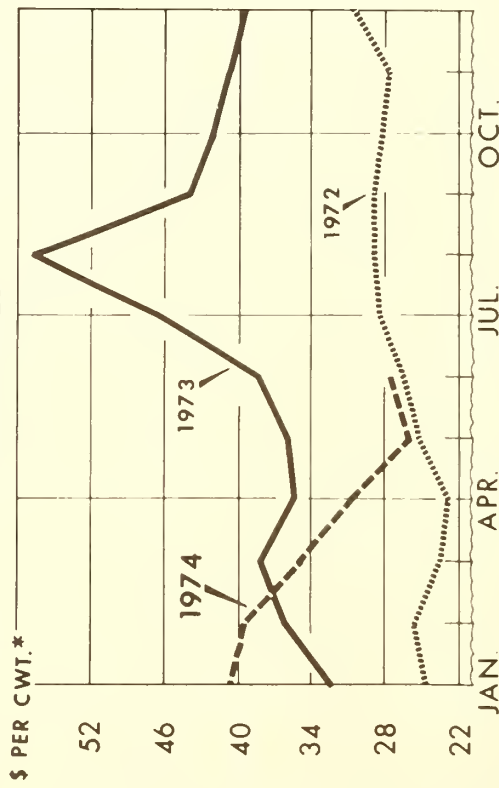


*CHOICE GRADE, 400-700 LB. AT KANSAS CITY

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HOG PRICES

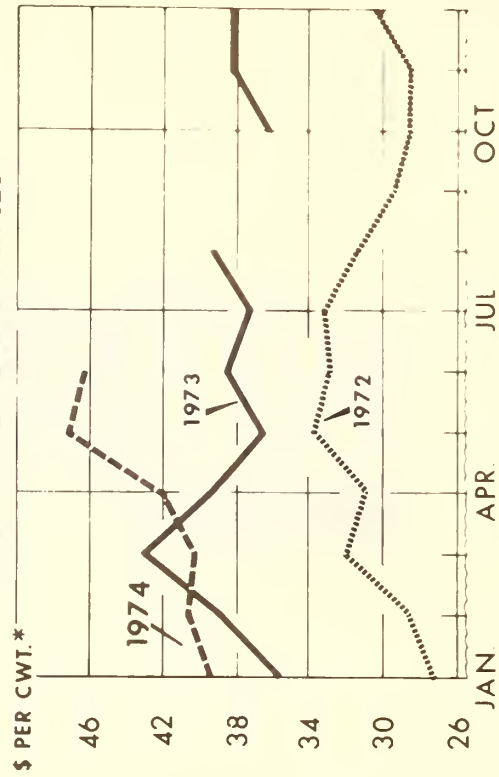


*BARROWS AND GILTS AT 7 MARKETS

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SLAUGHTER LAMB PRICES



*CHOICE GRADE AT SAN ANTONIO (SPRING LAMB) WAS NOT REPORTED FOR 1972 AND 1973

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LIVESTOCK AND MEAT SITUATION.

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Approved by
The Outlook and Situation Board
and Summary released
July 1, 1974

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U.S. Department of Agriculture
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• • •

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February, May, July, August, October, and November.

SUMMARY

Livestock and retail meat prices are expected to rise this summer as meat production declines from the spring level. But larger supplies and lower prices are again in prospect for the fall. And retail meat prices are expected to remain below year-earlier levels for most of the last half of 1974.

Demand for red meats will continue relatively strong. While gains in consumer income will be smaller this year than in 1973, they may still rise nearly 8 percent. Meat consumption is expected to exceed 1973's 175 pounds per capita but will not likely reach the 189 pounds consumed in 1972. Consumption during January-June was larger than a year ago. Beef and pork use rose over 2 pounds per person and more than offset a small decline in veal and lamb.

Hog prices fell into the mid-\$20's per 100 pounds in early June before the seasonally declining slaughter turned the market up. Prices are expected to run in the mid-\$30's this summer before beginning the usual fall decline. Hog slaughter should continue larger than a year earlier in the second half. Normal seasonal patterns are likely, with smaller summer output followed by an increase in the fall. Farrowing intentions suggest that slaughter in early 1975 will be down from both the fall and year-earlier levels.

Cattle prices dropped to the mid-\$30's in June before showing any signs of advancing. Market prices this spring worsened the financial position of cattle feeders. In a \$35 cattle market, losses above \$100 per head were characteristic. An unusually heavy rate of slaughter during the spring that included many very heavy cattle accounted for most of the price weakness.

Cattle slaughter this summer likely will decline some from the high spring level and prices could rise to the mid-\$40's. Fall slaughter is expected to increase and prices to decline again. Much of the increase in fall slaughter over last fall will continue to be in cows and non-fed steers and heifers.

A stronger summer fed cattle market would ease the financial stress of the cattle feeding industry, but prices may not rise enough to eliminate losses for many feeders. The general profit situation may improve by fall as cattle bought on the lower spring and summer feeder cattle markets are slaughtered. This would tend to encourage the feeding industry to increase placements.

Feeder cattle prices have generally declined since last summer's record highs. In June, yearling feeder cattle sold mostly in the \$30 to \$35 range. Downward pressure on the feeder cattle market is expected to continue although prices may gain strength during the summer from upturns in the fed cattle market.

Slaughter cow prices have dropped this year. Utility grade cows at Omaha averaged near \$26.60 in

June, nearly \$3.50 below a year earlier. Continued heavier culling rates are expected to maintain downward pressure on cow prices in the second half.

Sheep and lamb slaughter dropped sharply in the spring and prices advanced to the highest levels on record in spite of weaker cattle and hog prices. However, lamb prices are expected to run seasonally lower this summer and fall.

SITUATION AND OUTLOOK

Commercial Meat Production

	1973				1974			
	I	II	III	IV	I	II ¹	III ²	IV ²
Beef (Mil. lbs.)	5,393	5,049	4,997	5,649	5,429	(5,600)	(5,440)	(5,875)
Percent change								
from year earlier	0	-9	-10	-1	+1	+11	+9	+4
Previous quarter	-6	-6	-1	+13	-4	+3	-3	+8
Pork (Mil. lbs.)	3,262	3,178	2,791	3,347	3,370	(3,560)	(3,130)	(3,450)
Percent change								
from year earlier	-7	-6	-9	-5	+3	+12	+12	+3
Previous quarter	-7	-3	-12	+20	+1	+6	-12	+10
Lamb and Mutton (Mil. lbs.)	126	127	128	123	120	(110)	(118)	(120)
Percent change								
from year earlier	-11	-2	+3	-10	-5	-13	-8	-2
Previous quarter	-8	+1	+2	-4	-2	-8	+7	+2

Livestock Prices

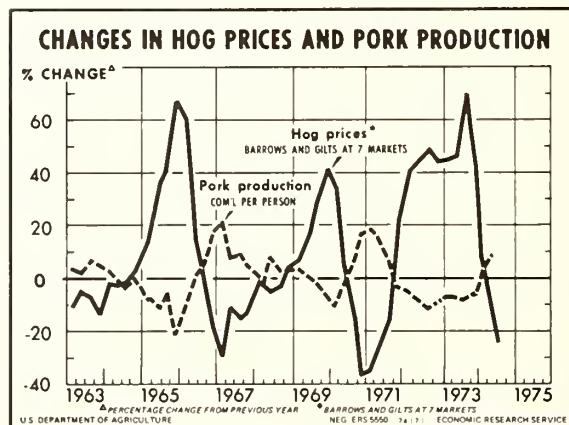
	1973				1974			
	I	II	III	IV	I	II	III ²	IV ²
	<i>Dollars per 100 pounds</i>	<i>Dollars per 100 pounds</i>	<i>Dollars per 100 pounds</i>	<i>Dollars per 100 pounds</i>	<i>Dollars per 100 pounds</i>	<i>Dollars per 100 pounds</i>	<i>Dollars per 100 pounds</i>	<i>Dollars per 100 pounds</i>
Choice steers, Omaha	43.17	46.00	49.04	40.20	45.40	39.55	43-45	39-41
Barrows and gilts, 7 markets	35.62	36.67	49.04	40.96	38.40	28.00	32-34	29-31
Slaughter lambs, 5 markets	38.25	36.00	36.63	35.00	39.66	45.35	40-42	38-40

¹ Estimated. ² Forecast.

HOGS

Hog prices dropped this spring under pressure of supplies larger than either winter or year-earlier levels. January-March hog slaughter was not much different from a year earlier but pork production was up 3 percent due to the heavier average weights of slaughter hogs. April-June hog slaughter was larger than earlier expected—up nearly 8 percent from last year. Heavier hogs boosted second quarter pork production to 12 percent larger than a year ago.

Pork supplies during April-June rose from the first quarter when normally they would decline. But summer hog slaughter is expected to decline



seasonally with prices in the mid-\$30's this summer. Fall hog slaughter will again increase from the summer level with hog prices trending lower.

Summer Hog Prices Up

On June 1 there were 1 percent fewer market hogs on farms than last year. Market hogs weighing over 60 pounds were up 1 percent while hogs weighing under 60 pounds were 3 percent lower. Hogs in the heavier weight group will supply the bulk of summer slaughter, while those weighing less than 60 pounds will be marketed in the fall. However, summer slaughter will likely run much larger relative to a year earlier than suggested by the number of heavyweight hogs on hand June 1. Unusual and disruptive conditions in the livestock industry in 1973 make that year a very poor base for a forecast of supplies.

Market hogs and pigs by weight groups, as of June 1

Weight group	1972	1973	1974	Change from 1973
	1,000 head	1,000 head	1,000 head	Percent
Under 60 lbs.	24,625	24,530	23,858	-3
60-119 lbs.	12,679	12,110	12,181	+1
120-179 lbs.	8,040	8,189	7,835	-4
180-219 lbs.	4,760	4,803	4,955	+3
220 lbs. +	1,426	1,298	1,703	+31
Total	51,530	50,930	50,532	-1

During the last 3 quarters of 1973, marketings were not as large as suggested by past inventory-slaughter relationships. The March 1, 1973, inventory of market hogs was up 2 percent in the 14 major States but spring slaughter was 9 percent smaller than a year earlier. June 1, 1973, saw only slightly fewer total market hogs on farms than a year earlier, but third quarter slaughter was down 13 percent and fourth quarter slaughter was off 6 percent.

HOGS ON FARMS, JUNE 1 AND PERCENT CHANGE FROM PREVIOUS YEAR (THOUSAND HEAD)



January-March 1974 hog slaughter pretty much reflected the number of market hogs on farms last December 1. Then on March 1 this year, there was an estimated 2 percent increase in market hogs on farms in the 14 major hog producing States, but hog slaughter this spring was up nearly 10 percent.

Thus, the December report of market hogs gave a reasonable estimate of January-March slaughter since the comparison period of January-March 1973 was not under the influence of disruptive conditions. But in April-June 1974 many more hogs were slaughtered from an inventory that was little larger than last year. This was possible because of the unusually low level of hog slaughter during the spring of 1973 when marketings were below their normal rates as the spring consumer meat boycott and sharply higher feed and protein prices began to disrupt normal marketing patterns.

A similar relationship of marketings to inventory is expected to continue this summer, and hog slaughter is expected to be sharply higher than the 1 percent increase suggested in the June 1 report of heavy market hogs.

A more appropriate period for comparing summer 1974 slaughter supplies would be 1972, which was relatively free of disruptive forces. June 1, 1974, market hogs in weight groups between 60 and 219 pounds were 2 percent less than 1972. If normal market patterns can be expected this summer, as now seems likely, there exists a potential July-September hog slaughter of just under the 1972 level, which would be 10-15 percent larger than the summer of 1973.

Although hog slaughter this summer is expected to be up 10-15 percent, it will run seasonally under the larger than expected spring slaughter level. Barrow and gilt prices are expected to rise as weekly slaughter rates decline this summer. Summer prices around the mid-\$30's seem likely.

The average liveweight of commercial hog slaughter has been running 7 pounds heavier this year than last adding an additional 2 percent to the pork supply above the level based on numbers of hogs slaughtered. This added tonnage helped to push hog prices lower, especially in the spring.

Fall Slaughter Up, Prices Lower

Hog slaughter this fall is expected to be up nearly 10 percent from the summer level and push hog prices back down into the \$29-\$31 range for the remainder of 1974. Although October-December supplies are expected to be seasonally above the summer level, they may only be 2-4 percent above last fall.

Most of the hog supplies this fall will come from the March-May pig crop which is estimated to be down 2 percent from a year earlier. But even with slightly fewer hogs in the June inventory than a year earlier, more slaughter supplies could be expected this fall

Table 1.—Corn Belt Hog Feeding¹Selected costs at current rates²

Selected expenses	1972				1973				1974	
	I	II	III	IV	I	II	III	IV	I	II
	<i>Dollars per head</i>	<i>Dollars per head</i>	<i>Dollars per head</i>	<i>Dollars per head</i>	<i>Dollars per head</i>	<i>Dollars per head</i>	<i>Dollars per head</i>	<i>Dollars per head</i>	<i>Dollars per head</i>	<i>Dollars per head</i>
40 lb. feeder pig	25.96	26.27	26.78	26.90	32.94	33.74	41.37	35.89	33.48	23.87
Corn (11 bu.)	11.77	12.32	12.76	13.64	14.85	18.59	25.63	24.64	29.59	27.28
Protein supplement (130 lb.)	9.19	9.66	10.08	11.34	15.51	19.53	19.60	15.86	15.56	12.64
Labor & management (1.3 hrs.) ...	5.07	5.07	5.23	5.23	5.28	5.49	5.67	5.75	5.88	5.98
Vet medicine ³	1.00	1.02	1.03	1.05	1.10	1.16	1.21	1.23	1.29	1.34
Interest on purchase (6 mo.)	1.01	1.02	1.04	1.04	1.40	1.43	1.76	1.65	1.59	1.25
Power, equip, fuel, shelter, depreciation ³	2.43	2.47	2.50	2.56	2.68	2.82	2.94	3.00	3.13	3.25
Death loss (4% of purchase)	1.04	1.05	1.07	1.08	1.32	1.35	1.65	1.44	1.34	.95
Transportation & marketing expenses (100 miles)	1.38	1.40	1.42	1.45	1.47	1.49	1.50	1.52	1.54	1.56
Misc. & indirect costs ³ .....	.25	.25	.25	.26	.27	.28	.29	.30	.32	.33
Total	59.10	60.53	62.16	64.55	76.82	85.88	101.62	91.28	93.72	78.45
Selling price/cwt. required to cover feed and feeder costs (220 lbs.)	21.33	21.93	22.55	23.58	28.77	32.66	39.36	34.72	35.74	29.00
Selling price/cwt. required to cover all costs (220 lbs.)	26.86	27.51	28.25	29.34	34.92	39.04	46.19	41.49	42.60	35.66
Feed cost per 100 lb. gain	11.64	12.21	12.67	13.88	16.87	21.18	25.13	22.50	25.08	22.18
Prices										
40 lb. feeder pig (So. Missouri)	25.96	26.27	26.78	26.90	32.94	33.74	41.37	35.89	33.48	23.87
Corn ⁴	1.07	1.12	1.16	1.24	1.35	1.69	2.33	2.24	2.69	2.48
29% protein supplement ⁵	7.07	7.43	7.75	8.72	11.93	15.02	15.08	12.20	11.97	9.72
Labor and management ⁶	3.90	3.90	4.02	4.02	4.06	4.22	4.36	4.42	4.52	4.60
Interest rate (annual)	7.75	7.75	7.75	7.75	8.50	8.50	8.50	9.20	9.50	10.50
Transportation rate (/cwt. 100 miles) ⁷ .....	.16	.17	.17	.18	.18	.19	.19	.20	.20	.21
Marketing expenses ⁸	1.03	1.03	1.05	1.05	1.07	1.07	1.08	1.08	1.10	1.10
Index of prices paid by farmers (1910-14=100)	422	429	434	444	465	489	509	519	544	564

¹ Although a majority of hog feeding operations in the Corn Belt are from farrow to finish, relative fattening expenses will be similar. ² Represents only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. ³ Adjusted quarterly by the index of prices

paid by farmers for commodities, services, interest, taxes and wage rates. ⁴ Average price received by farmers in Iowa and Illinois. ⁵ Average prices paid by farmers in Iowa and Illinois. ⁶ Assumes an owner-operator receiving twice the farm labor rate. ⁷ Converted to cents/cwt. from cents/mile for a 44,000 pound haul. ⁸ Yardage plus commission fees at a midwest terminal market.

PIG CROP DECEMBER-MAY 1974 AND PERCENT CHANGE FROM PREVIOUS YEAR (THOUSAND HEAD)

F. I. HOG SLAUGHTER

MIL HEAD

1974

1973

JAN FEB MAR APR MAY JUNE JULY AUG SEPT OCT NOV DEC

U.S. DEPARTMENT OF AGRICULTURE

LIVESTOCK DIVISION

Intentions on March 1 this year suggested only a slight decline in farrowings planned for this fall. Conditions between March and June deteriorated daily. Hog prices declined into the mid \$20's. Corn prices remained strong. Hog farmers who had purchased feeder pigs were showing losses on their operations. The hog-corn price ratio dropped below 10 to 1 for the first time since 1956. But on June 1, hog producers reported that they had stuck with the earlier intentions to reduce fall farrowings by 2 percent.

Hog-corn ratio and sows farrowing, United States

Year	Ratio ¹ Dec.-June	Change from previous year	Farrowings June-Nov.	Change from previous year
		<i>Percent</i>	<i>1,000 head</i>	<i>Percent</i>
1960	13.6	-7	5,839	-5
61	16.9	+24	5,918	+1
62	15.7	-7	6,098	+3
63	13.5	-14	5,987	-2
64	12.6	-7	5,525	-8
65	14.3	+13	5,006	-9
66	20.9	+46	5,810	+16
67	15.1	-28	5,901	+2
68	17.3	+15	6,130	+4
69	18.2	+5	5,745	-6
1970	21.9	+20	6,882	+20
71	11.9	-46	6,297	-8
72	21.2	+78	5,967	-5
73	23.1	+9	5,864	-2
74	13.1	-43	² 5,760	-2

Conditions have probably not changed enough yet to significantly alter the June 1 farrowing intentions. Although early June prices of near \$24 per 100 pounds put all hog producers in a serious financial loss position (including the farrow-to-finish operators), price rises after mid-June were encouraging.

A map of the United States where each state is labeled with two numbers: the top number represents the total number of states (50), and the bottom number represents the number of states with a population of 1 million or more. The numbers are as follows:

- Alaska: 50, 0
- Arizona: 50, 0
- California: 50, 1
- Colorado: 50, 0
- Connecticut: 50, 1
- Delaware: 50, 1
- Florida: 50, 1
- Georgia: 50, 1
- Hawaii: 50, 0
- Idaho: 50, 0
- Illinois: 50, 1
- Indiana: 50, 1
- Iowa: 50, 1
- Kansas: 50, 1
- Kentucky: 50, 1
- Louisiana: 50, 1
- Maine: 50, 1
- Maryland: 50, 1
- Massachusetts: 50, 1
- Michigan: 50, 1
- Minnesota: 50, 1
- Mississippi: 50, 1
- Missouri: 50, 1
- Montana: 50, 0
- Nebraska: 50, 1
- Nevada: 50, 0
- New Hampshire: 50, 1
- New Jersey: 50, 1
- New Mexico: 50, 0
- New York: 50, 1
- North Carolina: 50, 1
- North Dakota: 50, 0
- Ohio: 50, 1
- Oklahoma: 50, 0
- Oregon: 50, 0
- Pennsylvania: 50, 1
- Rhode Island: 50, 1
- South Carolina: 50, 1
- South Dakota: 50, 0
- Tennessee: 50, 1
- Texas: 50, 1
- Utah: 50, 0
- Vermont: 50, 1
- Virginia: 50, 1
- Washington: 50, 0
- West Virginia: 50, 1
- Wisconsin: 50, 1
- Wyoming: 50, 0

OTHER 27 STATES 715
UNITED STATES 5 768

5. DEPARTMENT: AG-1000-0000

NEG. ERS 666 24 7 ECONOM. RESEAR. SERVICE

Although the die has already been cast for the fall pig crop, some general price strength this summer could provide enough optimism in the hog industry to limit further cutbacks of farrowings in the spring of 1975. Also, if the feed grain harvest this fall, is large enough to set corn prices trending lower, it could provide a more favorable hog-corn price ratio, although unlikely to reach the desirable 20 to 1 level.

Thus, hog slaughter in the first half of 1975 is expected to be lower than this year and barrow and gilt prices may be higher than the January-June 1974 average of \$33.20. However, larger supplies of beef next year will be a price dampening influence on the rising hog market. Second half 1975 slaughter will depend largely on how well hog farmers fare this summer and fall and the size of the 1974 feed grain crop. If hog prices rise, and grain prices come down, prospects for the spring pig crop would be more favorable although substantial increases are not likely before March-May. Larger hog supplies would then begin to show up perhaps in October-December 1975.

Hog prices per 100 pounds, 7 markets¹

Month	Barrows and gilts			Sows		
	1972	1973	1974	1972	1973	1974
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Jan.	24.84	32.51	40.59	20.41	26.32	33.93
Feb.	25.61	36.23	39.73	22.90	31.22	34.21
Mar.	23.56	38.13	34.88	21.43	34.47	31.42
Apr.	22.89	35.56	30.52	20.89	32.33	26.60
May	25.32	36.35	26.09	22.12	32.46	21.52
June	26.74	38.55	27.40	22.42	33.87	21.37
July	28.57	46.64		23.59	40.56	
Aug.	28.86	56.68		25.22	50.62	
Sept.	29.10	43.79		25.92	40.34	
Oct.	28.09	42.12		25.05	37.66	
Nov.	27.79	40.97		23.04	36.14	
Dec.	30.78	39.79		24.26	32.53	
Av.	26.76	40.27		23.26	35.94	

¹ Average for all weights at Midwest markets.

Profit Picture to Improve

Hog producers have responded to the current situation of high input costs and low receipts in the short-term by bidding down the price of feeder pigs, similar to what has happened in cattle. Feeder pig prices held strong at near \$34 per head at Southern Missouri markets long after slaughter hog prices dropped, but by early June the feeder pig market also dropped in line with slaughter prices. In mid-June, 40-50 pound feeder pigs could be bought for \$12 per head. But even at \$12 per head, with current feed prices, a breakeven price of near \$30 per 100 pounds may be required for market hogs.

Although many hog producers found themselves in a serious loss position this spring, prospects for the

future look more favorable. The hog market has strengthened this summer and helped to offset the impact of high costs of production currently going into hogs. By fall, even though market prices are expected to be down from seasonally high summer levels, cost of production could also be coming down. Feeder pig prices are down now and feed prices may be coming off later this year as the harvest season approaches, if the feed grain crop meets current expectations.

CATTLE

The February truck strike was another in the string of market disturbances that have plagued the cattle market since the spring of 1973. The aftermath of the strike and all that happened before it continues to affect the industry, and a lengthy period of readjustment is still ahead. Heavy financial losses to the feeding industry worsened in the spring when Choice cattle fell to the mid-\$30's in June. Most of the price decline in the first half of the year was related to the record level of beef output that topped a year earlier by 6 percent, and from larger supplies of pork and broilers.

Choice steer prices per 100 pounds, Omaha

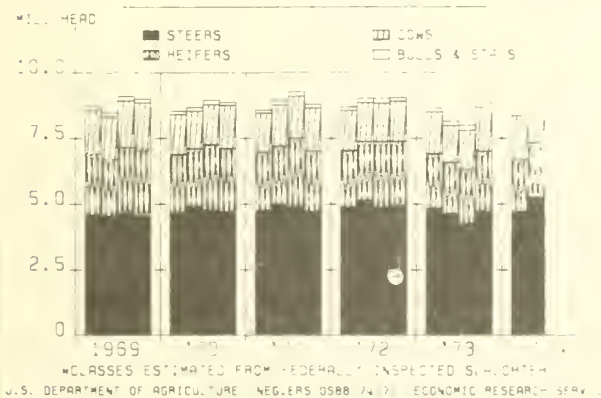
Month	1970	1971	1972	1973	1974
	Dol.	Dol.	Dol.	Dol.	Dol.
January	28.23	29.11	35.74	40.62	47.68
February	29.30	32.23	36.19	43.35	46.12
March	30.97	31.81	35.13	45.55	42.36
April	30.64	32.44	34.53	44.97	41.18
May	29.52	32.88	35.66	46.05	40.04
June	30.29	32.39	37.88	46.98	37.33
July	31.12	32.44	38.21	48.05	
August	30.14	33.24	35.66	53.61	
September ...	29.32	32.62	34.85	45.45	
October	28.67	32.34	34.85	41.79	
November ...	27.21	33.58	33.56	39.88	
December ...	26.71	34.40	36.79	38.90	
Average	29.34	32.42	35.83	43.89	

But the larger volume of beef marketed in the second quarter paves the way for smaller supplies and some price strength this summer. The larger than expected spring slaughter level, with average weights running 30 pounds above last year, suggests that cattle feeders may have shipped a good part of the backlog of heavy cattle that had been building for the past several months. Also, placements have continued sharply lower. Feedlot inventories in 7 States on June 1 were down 16 percent from a year earlier, the lowest since October 1971. The 7 State report probably overstated the drop in inventories in most other States because it is heavily weighted by areas where custom feeding predominates. The July 18 Cattle on Feed report will contain information for the other cattle feeding States.

Fed cattle marketings this summer may only be slightly larger than last summer, but slaughter of more non-fed steers and heifers and cows will hold slaughter rates moderately higher than year-earlier levels. The recent drop in placements of feeder cattle will bring more non-fed steers and heifers into the slaughter market. Also the sharp drop in feeder cattle prices will encourage heavier culling of beef cow herds. Dry weather conditions in the Southwest, if they persist, will have a similar effect.

Total cattle slaughter this summer is expected to be up about 8-10 percent from the unusually low kill last summer, with about half of the increase in fed cattle and the other half in non-fed steers, heifers and cows. Although supplies will be larger than a year ago, the summer level will be down nearly 3 percent from this spring. With relatively small fed cattle supplies available this summer, declining average slaughter weights, and the seasonally lower total cattle and hog slaughter this summer, fed steer prices are expected to rise into the mid-\$40's before declining again this fall under pressure of increasing supplies of beef and pork.

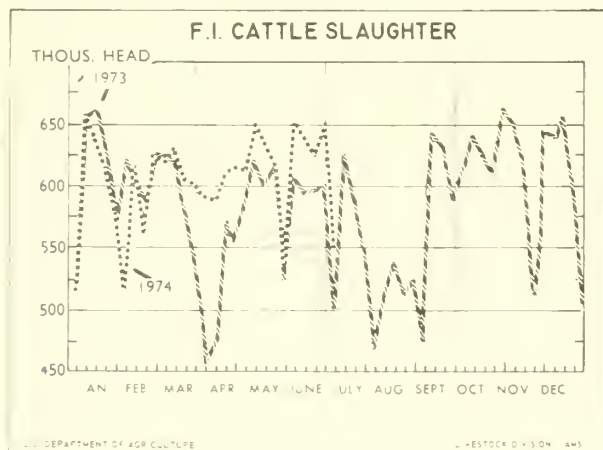
COMMERCIAL CATTLE SLAUGHTER. BY CLASSES*



Beef output this fall is expected to rise above summer levels with a seasonal rise in cow slaughter and heavy movement of grass cattle to slaughter. If range conditions deteriorate further in the Southwest, this movement could be substantial. Choice steers this fall may average \$39-\$41.

Fed cattle marketings in the second half may run under a year earlier, considering the low rate of placements through the first half of the year. However, many of the cattle placed on feed now could be marketed faster, since they may be going on feed at heavier weights. Due to the relatively low level of cattle on feed in the light weight groups last April 1, many of the cattle recently placed in feedlots have probably been heavier than usual to provide feedlots with cattle to market this summer. Also, with feed costs per pound of gain running high, and above the fed market price, economic incentives for placing

light calves on feed are very limited at this time. Heavy cattle placed during the summer could be marketed before the end of the year.



Cow prices also will reflect the heavy seasonal shipment of cows this fall that could be increased by cattlemen reacting to the lower feeder cattle prices. Culling rates have been running light over the past several years as beef producers expanded their breeding herds to a record level on January 1, 1974.

Utility cow prices per 100 pounds, Omaha

Month	1970	1971	1972	1973	1974
	Dollars	Dollars	Dollars	Dollars	Dollars
January	20.93	19.98	22.61	26.67	31.45
February	22.18	20.98	23.80	31.43	32.65
March	23.24	22.03	24.73	33.90	31.76
April	23.23	21.48	24.70	33.59	30.49
May	22.64	22.30	25.51	34.26	27.67
June	22.58	22.03	26.00	33.09	26.39
July	20.85	21.68	26.22	34.21	
August	20.48	21.72	26.18	37.56	
September	21.13	21.84	26.57	34.58	
October	20.84	22.30	26.19	33.68	
November	19.04	21.45	24.98	30.71	
December	18.77	21.64	25.02	30.10	
Average	21.32	21.62	25.21	32.82	

Calf slaughter this year will be up from earlier expectations and may exceed year-earlier levels for the first time since 1965. Much of the calf slaughter in past years has been of the dairy calf variety, and a by-product of the dairy industry. Calf prices had been high as supplies of dairy calves declined with the dairy herd.

Competition for this limited supply of calves was strong between feedlots looking for cheap, efficient, and fast gaining feeder calves, and from slaughter plants responding to high veal prices.

However, current financial problems in the cattle feeding industry have resulted in the withdrawal of this competitor from the calf market. Thus, vealer

prices have dropped from \$64 average last year to near \$48.50 this June. The sharply lower prices for a larger supply will mean more calves bought for slaughter, with prices remaining well under last year.

Feeder Market Off Sharply

Feeder cattle prices dropped first in the Southeastern States, followed by generally lower prices throughout the South and Southwest. But demand for feeder cattle appears to be stronger in the surplus grain producing area of the Midwest than in other cattle feeding areas and feeder cattle prices are still holding \$2-\$3 higher than most Southern markets. This was also apparent in the June Cattle on Feed report which showed May placements in the 7 reporting States to be down 40 percent, but only 18 percent in Iowa. Placements in Texas and Arizona together were down 54 percent and accounted for about half of the decline in placements. Difficulty in obtaining additional investment resources and losses on custom operations are factors responsible for the lack of replacement demand in the South and Southwest.

Feeder cattle prices per 100 pounds, Kansas City

Month	Choice feeder steers 600-700 lbs. ¹			Choice feeder steer calves ²		
	1972	1973	1974	1972	1973	1974
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Jan.	37.92	47.33	50.58	41.50	51.95	54.66
Feb.	38.86	50.98	50.80	43.94	56.10	54.45
Mar.	38.64	54.01	44.81	44.69	62.72	54.02
Apr.	38.54	51.82	44.15	45.16	60.42	50.30
May	40.43	54.55	40.14	46.67	62.59	45.48
June	41.94	54.85	35.10	47.32	62.42	39.96
July	42.02	56.49		47.10	64.40	
Aug.	42.07	62.40		48.32	72.52	
Sept.	43.29	55.06		48.70	62.80	
Oct.	44.15	51.86		49.81	59.46	
Nov.	43.17	51.02		48.37	56.42	
Dec.	45.77	47.71		49.90	52.59	
Av.	41.40	53.17		46.79	60.36	

¹ Prior to 1972 550-750 lbs. ² 400-500 lbs., prior to 1972 300-500 lbs.

Yearling feeder steers dropped to the low to mid-\$30's on most major feeder cattle markets in June. This is the first time in 10 years that feeder steers have sold near or below fed cattle, and this situation may well continue through most of the rest of 1974. With feed costs per pound of gain running above the fed cattle market price, cattle feeders are uneasy about bidding up the price of feeder cattle above fed cattle prices.

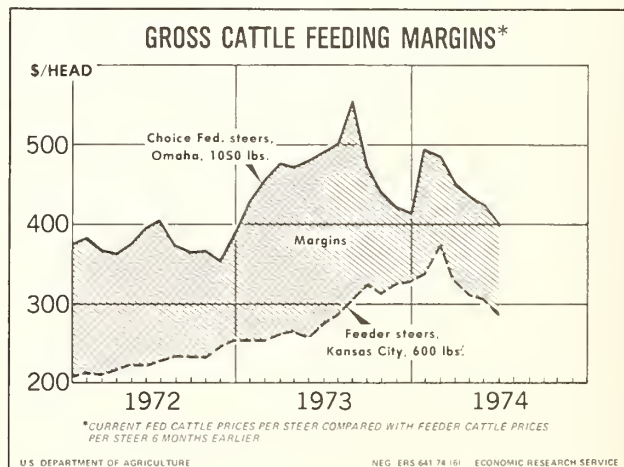
Consequently, continued pressure on feeder cattle prices for the rest of this year and into 1975 is likely although feeder cattle prices likely will reflect any significant rises in fed cattle prices. The large

Gross cattle feeding margins¹

Year	Fed cattle ²	Feeder cattle ³	Gross margin
	Dollars per steer	Dollars per steer	Dollars per steer
1972			
January	374	206	168
February	381	211	170
March	369	210	159
April	362	214	148
May	375	221	154
June	398	223	175
July	403	228	175
August	375	233	142
September	364	232	132
October	367	231	136
November	353	243	110
December	387	252	135
1973			
January	427	252	175
February	457	252	205
March	479	260	219
April	473	265	208
May	480	259	221
June	491	275	216
July	500	284	216
August	556	306	250
September	474	324	150
October	440	311	129
November	421	327	94
December	413	329	84
1974			
January	495	339	156
February	487	374	113
March	450	330	120
April	436	311	125
May	425	306	119
June	399	286	113

¹ Current fed prices per steer compared with feeder cattle prices 6 months earlier. ² Choice steers at Omaha, 1,050 lbs. ³ Choice steers at Kansas City, 600 lbs.

inventory of young calves and cows last January 1 indicates that the record supplies of feeder cattle on that date, together with another record 1974 calf crop, will provide an even larger feeder cattle supply at the



beginning of next year. Given the current record inventory of these cattle, it may take 2-3 years to work this supply down to a level low enough to see substantial improvement in feeder cattle prices.

Feeding Picture Changing

The feeding industry has undergone some dramatic changes over the past year as conditions that brought cattle to their price peak in the summer of 1973 changed dramatically. Two factors seem to stand out. One was the response by calf producers to the strong demand and rapidly rising prices of feeder cattle. The substantial increase in the cattle inventory was the result of an expanding cow herd and a rising calf crop to a level that would not support continued rising feeder cattle prices. Secondly, sharply rising feed grain and protein prices, the ban on DES, and poor weather conditions sharply boosted feed costs per 100 pounds of gain. Also, Federal price controls instituted last spring and carried through the summer aggravated the situation by causing a cutback in fed cattle marketings last summer and boosting supplies last fall and early this year.

Thus, the industry is in a position of having to make some serious adjustments. Hardest hit were the large operations in the West and Southwest which often rely heavily on outside investment resources. Placements in these areas have fallen to less than 50 percent of normal. Although Corn Belt cattle feeders probably sustained per head losses on their operations just as large as feeders in the West and South, the equity and investment structure is different. Many outside investors in cattle feeding had not gone through such a period of losses and low prices as they have experienced since last September. The recent problems in cattle feeding have made some investors shy away from cattle feeding.

But the equity situation and availability of funds for cattle feeding in the Midwest is more favorable. Placements may not have been off so sharply. Much of the fed cattle supply this summer and fall will originate in the Midwest.

Barring further disruptions from outside forces, it seems likely that cattle feeding will begin to readjust in the second half of this year. Although some lots may remain empty again next season because of high feed prices and the severe financial losses sustained in the past several months, cheaper feeder cattle and lower feed costs would encourage many to get back into a business-as-usual situation if market prices are reasonable. Also, the custom feeding areas of Texas, Oklahoma, Arizona, and California, where placements have been off sharply in recent months and feedlot inventories have reportedly dropped to half of capacity, will probably begin buying feeder cattle in volume again if input costs show prospects of returning a profit. However, this comeback may be

relatively slow as it will necessitate the attraction of new outside capital which the long period of feeding losses has discouraged. A bill currently under consideration in Congress would authorize financial assistance to bona-fide farmers and ranchers in the form of guaranteed loans.

Slaughter Projections More Difficult

The altered patterns of placement, feeding, and marketing of fed cattle from those generally reliable patterns that emerged through the 1960's and into the earlier 1970's, have made it more difficult to project fed cattle marketings and, consequently, total cattle slaughter. Another disrupted trend was the gradual decline of non-fed steer and heifer slaughter, which bottomed out in mid-1973. An increase in slaughter of these cattle in late 1973 and early 1974 presents another unusual analytical puzzle, and it is difficult to determine what the full impact will be. The old supply patterns that had been relied upon to project slaughter supplies are less applicable and new relationships must be found to project a reasonably accurate supply and price outlook.

Nevertheless, the cattle inventory is the source from which slaughter supplies are drawn and it appears to be well stocked. It seems ample to support increases in slaughter for the second half of 1974 and for the next couple of years. Based on the number of cattle on farms and ranches on January 1, there is the potential of about a 10 percent increase of cattle slaughter for the next 3 years without stopping growth in the total cattle herd.

What has happened to the cattle industry is something of a repetition of what happened in the mid-1950's, and again in the mid-1960's. In a free market, where producers of a commodity can proceed without restrictions, it is necessary to readjust production periodically to more profitable levels. The two earlier periods of adjustment in the cattle industry were brought about, to a large degree, by droughts, particularly in the mid-1950's. This time, economic changes seem to have been the initial impetus that tipped the scale although drought now could make the problem even more severe.

The structure of the cattle industry is substantially different now than 10 or 20 years ago. The cattle feeding segment has grown to a dominant position that it didn't hold then. Just 5 years ago 84 percent of the steers and heifers went through feedlots compared with about 96 percent in 1973. The size of operations is also growing. In 1973, 65 percent of the fed cattle marketed came from lots of over 1,000 head. Five years ago 46 percent came from this size lot.

Also, in the past few years, outside capital has been an influence that boosted demand and prices for feeder cattle. But recently as outside capital sources withdrew, record supplies of feeder cattle became the predominant factor in severely depressing prices for

this class of stock. Costs of gain were held down by relatively low feed grain prices coupled with feeding efficiencies from DES. Feed grain prices are now much higher due to the world market situation and the future of DES is still doubtful.

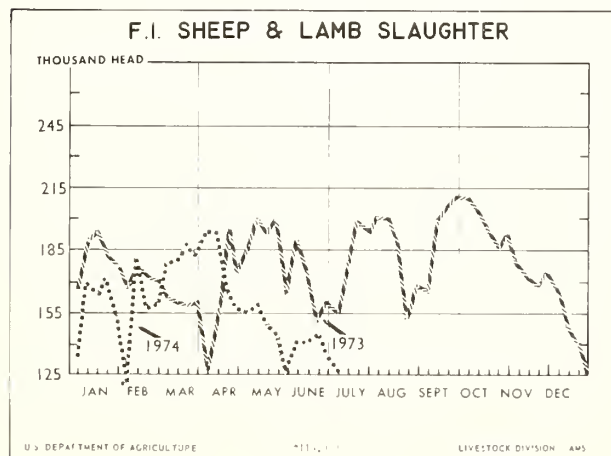
Perhaps there is already a realization by cattlemen that the potential volume of beef production over the next year or so can be moved into consumption only at lower prices. This doesn't necessarily mean a lack of profit in the cattle feeding industry, but it could easily mean lower income for the cow-calf producer for a while. Perhaps some producers will find it to their advantage to retain ownership of feeder cattle and to place their yearlings in custom lots. This would reduce somewhat the industry's dependence on outside capital and still help maintain the large feeding base that would seem to be necessary to move the large number of animals into consumption channels at the quality expected by consumers.

Young cattle likely will continue to be retained on grass longer and placed on feed at heavier weights. This will tend to cheapen the cost of weight gains. Production economists' studies suggest we are not utilizing roughage supplies nearly as efficiently as we could. (See special article by Melvin Skold in this issue).

SHEEP AND LAMBS

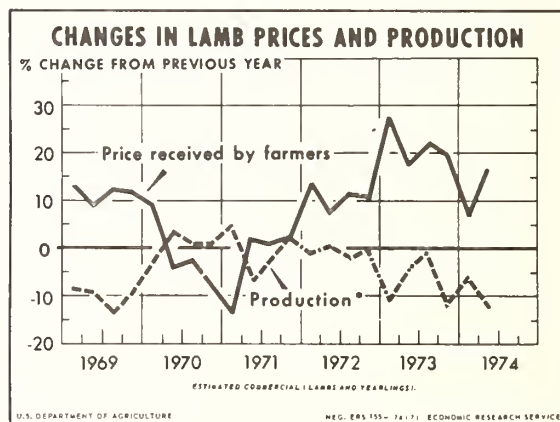
Slaughter Down—Prices Up

In the first half of 1974 sheep and lamb slaughter totaled an estimated 4.3 million head. This was 8 percent fewer than during the same period last year and the lowest on record. Also lamb imports during January-May were less than one-third of year-earlier levels. Thus, despite a depressed cattle market, sharply restricted supplies of slaughter lambs pushed lamb prices to record levels. Spring slaughter lamb prices reached \$49.00 per 100 pounds in mid-May at San Angelo before dropping back into the mid-\$40's



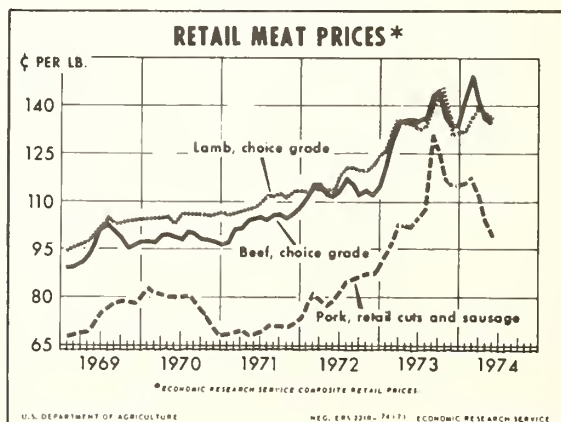
later in June. The April-June average of \$45 was up \$7 per 100 pounds from the second quarter last year.

Sharply reduced slaughter supplies this spring may reflect some producer reaction to the most favorable economic situation the sheep industry has seen since wool prices rose sharply in 1972 and lamb prices continued relatively favorable. Although lamb slaughter likely will continue under 1973 levels the rest of the year, the rate of decline is expected to ease this summer and fall. Prices will likely decline seasonally but run mostly above 1973 levels for the balance of the year.



MEAT SITUATION AND PRICES

Retail meat prices have been on the decline since February as large supplies of meat have become available. The retail price index of all meat dropped from a peak of 176 (1967=100) in February to 159 in May; a 10 percent decline in 3 months. Wholesale meat prices have shown an even greater drop of 15 percent in those same 3 months. Slaughter cattle prices fell 13 percent. Retail and wholesale prices are expected to decline further in June.



Meat Supplies Larger

The declines in retail prices are mostly the result of larger meat supplies compared with last year. Beef production has been record large so far this year, running 2 percent above the previous record set in 1972. January-May total meat production was 6 percent larger than 1973. Pork production was also up, but did not match the 1971 level. Veal, lamb and mutton production was again smaller as usual.

Most of the increase in supply in both beef and pork came in the second quarter. April-June beef production probably was up 10 percent from last year while pork was up nearly 12 percent. The large percentage increases during the second quarter tended to exaggerate the supply situation due to comparison with the spring of 1973 when beef and pork production was held unusually low during the consumer boycott in April 1973.

The record supply of beef pushed retail beef prices down to a \$1.35 per pound average in May from the peak of \$1.50 in February and \$1.36 in May 1973. This marks the first month since January 1971 that the

retail price dropped below the year-earlier level. All cuts of beef have shared in the general price decline with the lower priced cuts dropping the most. Hamburger prices dropped 11 percent from \$1.10 in February to \$.97 in May while porterhouse steak prices dropped 5 percent from \$2.15 per pound in February to \$2.04 in May.

Large supplies of pork have also put downward pressure on pork prices. The May average price of 99 cents per pound was 15 percent below the February peak this year and 3 percent below the \$1.02 May 1973 average. Pork prices had not dropped below year-earlier levels since October 1971. Like beef, all cuts of pork have shared in the general price decline since February with bacon prices down the most, 18 percent from February to May, and canned hams down the least—9 percent.

Marketing margins for meat reached all-time highs this year. The farm-retail price spread for beef reached 56 cents per pound in March compared with 36 cents in March 1973. The farm-retail price spread for pork peaked at near 55 cents per pound in May compared with a spread of 38 cents in May 1973.

Table 2.—Average retail price of meat per pound, United States, by months, 1968 to date

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
Beef, Choice grade													
1968	84.3	85.1	85.6	85.6	85.8	85.8	87.1	87.0	88.4	87.7	88.1	88.5	86.6
1969	89.5	89.6	90.9	93.3	97.8	101.9	102.4	101.1	99.1	95.2	96.5	96.9	96.2
1970	97.5	97.3	99.4	99.9	99.4	98.5	100.7	100.4	98.7	97.9	97.6	96.5	98.6
1971	97.2	101.3	102.2	104.0	104.8	105.7	104.7	105.7	105.9	105.1	106.3	108.5	104.3
1972	111.5	115.8	115.8	112.0	111.4	113.5	117.3	115.8	112.9	112.8	112.3	114.6	113.8
1973	122.1	130.3	135.3	136.0	136.0	135.5	136.3	144.2	144.9	136.0	134.9	134.4	135.5
1974	143.0	150.0	142.2	136.4	135.0								
Veal, retail cuts													
1968	99.8	99.2	100.0	102.0	100.0	102.5	101.7	101.4	101.9	101.1	101.9	100.9	101.0
1969	102.5	103.7	104.6	107.5	108.6	112.5	114.0	115.0	115.1	115.2	114.6	116.3	110.8
1970	117.2	119.3	120.8	123.3	123.9	124.9	125.7	126.6	127.0	127.4	127.6	127.9	124.3
1971	128.9	129.4	130.6	132.9	133.7	134.8	138.5	139.3	139.6	140.3	140.6	140.9	135.8
1972 ¹	142.8	148.6	149.7	151.0	151.7	154.2	156.4	157.3	157.6	158.4	159.4	159.9	153.9
1973	162.2	169.1	176.9	180.5	181.1	181.3	183.2	188.7	188.5	190.6	186.2	191.6	181.7
1974	194.5	198.6	199.6	195.6	194.3								
Pork													
1968	65.4	66.7	67.1	66.3	66.7	67.8	69.4	69.0	68.8	67.8	67.1	67.0	67.4
1969	67.9	68.6	69.0	69.1	71.6	75.0	76.9	78.3	78.9	78.7	78.1	79.7	74.3
1970	82.1	81.8	81.4	79.9	80.0	80.0	80.6	79.7	76.7	74.6	70.8	68.4	78.0
1971	68.4	69.4	69.9	68.7	68.2	69.6	71.4	71.6	71.0	71.3	71.4	72.9	70.3
1972	76.3	81.3	79.4	78.2	79.4	82.0	85.6	86.0	86.6	87.5	87.2	88.5	83.2
1973	94.1	97.1	103.0	102.7	102.4	104.1	107.5	131.5	126.3	117.1	115.4	115.8	109.8
1974	116.7	117.2	111.8	104.7	99.4								
Lamb, Choice grade													
1968	89.8	90.4	92.0	92.5	93.3	93.7	94.5	93.6	93.1	94.5	94.2	93.5	92.9
1969	94.5	95.9	96.4	97.1	100.1	101.8	104.4	102.9	103.4	103.9	103.7	104.8	100.7
1970	104.8	104.8	104.7	105.6	103.9	105.7	106.0	106.3	106.3	105.9	105.9	106.4	105.5
1971	105.9	106.5	107.0	107.4	108.0	109.6	111.4	111.5	112.6	110.9	112.7	113.0	109.7
1972 ¹	113.0	115.3	115.5	116.8	115.7	119.0	121.2	121.5	121.0	121.5	122.5	123.7	118.9
1973	125.6	130.2	136.1	135.5	134.2	132.2	133.4	140.4	145.4	135.2	131.3	131.7	134.3
1974	132.6	136.9	139.3	137.3	136.5								

¹ Revised.

Meat Consumption Up

Meat consumption in 1974 is climbing back toward the upward trend after falling off in 1973. First quarter consumption was nearly the same as a year ago and last fall. Beef and veal consumption per person was near January-March 1973 while pork consumption was up about half a pound. Lamb consumption was down slightly.

In the second quarter, larger supplies of meat boosted beef consumption to near 29 pounds per person compared with about 26 pounds in the spring of 1973. Pork consumption was up nearly 2 pounds to about 17 pounds per person. Total meat consumption in the second quarter was up about 4 pounds above April-June 1973.

Meat consumption by quarters¹

Year	First	Second	Third	Fourth	Total
	Pounds per person	Pounds per person	Pounds per person	Pounds per person	Pounds per person
Beef					
1969	27.2	26.7	28.6	28.3	110.8
1970	28.3	27.9	29.0	28.5	113.7
1971	27.7	28.1	29.3	27.9	113.0
1972	28.2	28.9	29.4	29.6	116.1
1973	28.0	26.2	26.8	28.6	109.6
1974 ²	28.0				
Veal					
1969	0.9	0.8	0.8	0.8	3.3
1970 .....	.8	.7	.7	.7	2.9
1971 .....	.7	.6	.7	.7	2.7
1972 .....	.6	.5	.5	.6	2.2
1973 .....	.5	.4	.4	.5	1.8
1974 ² .....	.5				
Pork					
1969	17.0	16.0	15.5	16.5	65.0
1970	15.4	15.6	16.3	19.1	66.4
1971	18.3	17.8	18.0	18.9	73.0
1972	17.7	16.6	15.8	17.3	67.4
1973	16.0	15.4	14.0	16.2	61.6
1974 ²	16.5				
Lamb & Mutton					
1969	0.9	0.8	0.9	0.8	3.4
1970 .....	.9	.9	.8	.7	3.3
1971 .....	.8	.8	.8	.7	3.1
1972 .....	.8	.9	.9	.7	3.3
1973 .....	.7	.7	.7	.6	2.7
1974 ² .....	.6				
Red Meat					
1969	46.0	44.3	45.8	46.4	182.5
1970	45.4	45.1	46.8	49.0	186.3
1971	47.5	47.3	48.8	48.2	191.8
1972	47.3	46.9	46.6	48.2	189.0
1973	45.2	42.7	41.9	45.9	175.7
1974 ³	45.6				

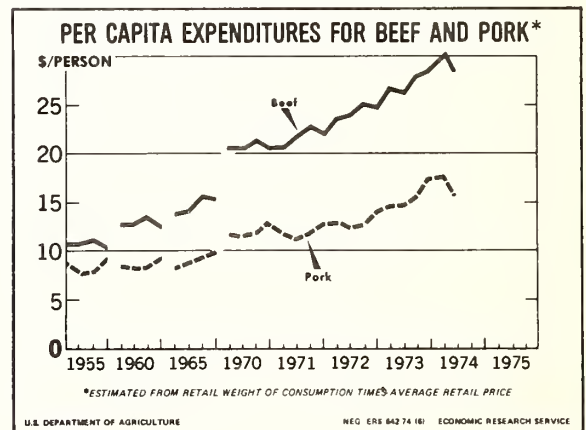
¹ Total consumption including farm, 50 States. ² Preliminary.

Second Quarter Demand

Consumers during the second quarter this year paid about the same price per pound for beef as last spring, but bought about 3 pounds per person more.

Thus, expenditures per person are higher than last year. Based on estimates of second quarter consumer incomes, and estimated expenditures for beef, they probably spent a larger proportion of their income to buy this additional 3 pounds. But in comparison with the January-March quarter, expenditures declined. Also, consumers may have spent less of their income for beef products than during the first quarter this year.

Consumers are buying more pork than last year, but are paying less per pound for it. Consumer expenditures for pork are estimated to be still larger than a year ago but much lower than late last year and in early 1974. Also, the proportion of consumer incomes going for pork products may have been substantially lower in the second quarter than during January-March or April-June 1973.



Supply and Demand Prospects

Livestock producers have responded in recent years to the strong demand for meat and high prices received for livestock by increasing production, especially beef, which is now becoming available. Beef production in 1974 is expected to be up about 5 percent from 1973. Pork production could also be up fully as much as beef.

Larger beef production could boost per capita beef consumption this year to 114 pounds per person—more than 4 pounds above last year but still below the previous record of 1972. A 5 percent increase in pork production will mean per capita consumption this year of near 65 pounds per person—up more than 3 pounds from last year.

Consumer demand for meat later this year will increase at about the same rate that the economy grows and consumer incomes increase. Marginal growth in the economy in recent months has occurred simultaneously with increasing supplies of meat becoming available.

Future supplies of pork have been endangered by high production costs and low prices received in the

Table 3.—Expenditures per person for beef and pork

Year/quarter	Per capita disposable income	Beef expenditures per person ^{1 2}	Percent of income for beef	Pork expenditures per person ¹	Percent of income for pork
	<i>Dollars</i>	<i>Dollars</i>	<i>Percent</i>	<i>Dollars</i>	<i>Percent</i>
1955	1,666.0	42.72	2.56	33.30	-2.00
1960	1,937.0	50.51	2.61	33.74	1.74
1965	2,436.0	58.98	2.42	35.92	1.47
1970	3,376.0	82.96	2.46	48.17	1.43
1971					
I	881.5	20.54	2.33	11.78	1.34
II	899.5	21.79	2.42	11.39	1.27
III	907.0	22.85	2.52	11.94	1.32
IV	914.5	22.01	2.41	12.64	1.38
Year	3,603.0	87.13	2.42	47.73	1.32
1972					
I	927.8	23.79	2.56	13.00	1.40
II	941.3	24.02	2.55	12.41	1.32
III	957.8	25.00	2.61	12.65	1.32
IV	988.8	24.88	2.52	14.03	1.42
Year	3,816.0	97.69	2.56	52.15	1.37
1973					
I	1,014.3	26.67	2.63	14.60	1.44
II	1,034.3	26.33	2.55	14.77	1.43
III	1,057.8	28.12	2.66	15.86	1.50
IV	1,087.3	28.59	2.63	17.49	1.61
Year	4,187.0	109.80	2.62	62.90	1.50
1974 ³					
I	1,101.5	30.06	2.73	17.68	1.61
II	1,121.3	28.50	2.54	15.65	1.40

¹ Estimated from retail weight of consumption times average retail price. Conversion factors of 0.74 for beef and 0.93 for pork were used to adjust carcass weight consumption to retail weight consumption. ² Based on the average retail price of choice

grade beef and does not attempt to account for prices of other grades on the value of away-from-home consumption.

³ Preliminary.

past several months. In 1975, pork supplies may be lower than this year. Beef supplies will be larger than this year but severe economic problems in the cattle feeding industry will mean that a greater proportion of the beef later this year and in 1975 will be of the grass-fattened variety instead of corn fed beef.

Foreign Trade

During January-May this year 6 percent of the meat consumed by consumers came from a foreign source. By commodity, the breakdown was beef 7 percent, veal 10 percent, lamb and mutton 8 percent, and pork 4 percent.

Total meat imports (carcass weight equivalent) during January-May ran 2 percent smaller than a year ago, with all of the decrease in April and May. Imports during May were 24 percent lower than last year.

Beef imports in January-May were down 2 percent. Import restrictions on beef announced by Japan, and some European countries earlier this year have given

some apprehension to the beef industry, since the United States was the only major world market left open to foreign trade. However, unattractive manufacturing beef prices and excellent grazing conditions in Australia and New Zealand are causing producers in these countries to withhold animals from slaughter. Beef imports from Australia and New Zealand, the two largest foreign sources of beef, were down 11 percent in April and 26 percent in May.

January-May pork imports ran larger this year—up 4 percent. Most of the increase is canned hams and shoulders from Poland. Pork imports in April and May however, were lower than last year. During January-May, Canada shipped over 72 thousand live hogs to U.S. markets, over three times the year-earlier level.

Fresh, frozen and chilled beef, veal, mutton and goat meat imports subject to quota (product weight) during January-May this year were down 5 percent from last year to 477 million pounds. Recent estimates of 1,210 million pounds for calendar year 1974 would suggest some very substantial declines in

Table 4.—Meat subject to U.S. import quota restriction: Product weight of imports by months, average 1959-63, 1964-74

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>
1959-63 average ^c	47.3	49.6	57.5	54.3	48.5	58.6	67.1	84.1	76.1	61.6	56.1	61.4	722.2
1964	87.2	44.9	68.9	61.4	51.1	98.1	43.7	79.5	49.6	46.4	55.7	53.4	739.9
1965	28.2	34.5	68.7	32.4	52.3	41.9	58.5	59.9	62.2	64.4	57.2	53.7	613.9
1966	51.4	60.3	49.4	63.3	52.0	100.2	61.4	87.1	91.5	79.7	61.1	66.0	823.4
1967	77.4	58.5	61.9	58.8	51.5	69.6	88.7	92.2	89.8	91.8	82.3	72.4	894.9
1968	80.7	72.6	64.1	78.4	56.1	105.1	86.4	108.6	115.5	102.1	95.8	35.6	1,001.0
1969 ¹	41.9	50.4	136.1	90.0	80.5	85.7	107.1	141.8	121.4	108.4	51.4	69.4	1,084.1
1970 ¹	124.5	100.7	112.0	88.7	62.1	93.4	110.0	113.0	107.6	89.3	79.3	89.8	1,170.4
1971 ¹	83.4	65.1	88.3	86.2	76.8	101.0	94.4	104.9	158.6	80.4	63.2	130.3	1,132.6
1972 ¹	86.9	80.8	75.4	105.4	107.9	106.4	106.8	164.6	163.8	145.1	119.0	93.4	1,355.5
1973	106.2	98.4	88.3	97.9	113.1	91.5	105.9	153.7	110.3	150.0	130.0	109.1	1,354.4
1974	118.0	82.3	104.9	91.4	80.6								

¹ Rejections for calendar year 1969 equaled 13.5 million pounds, 17.4 million pounds for 1970, 21.0 million pounds for 1971, 17.8 million pounds for 1972, and 18.4 million pounds for 1973.

Table 5.—U.S. meat imports and exports and percentage comparisons (carcass weight), 1973 and 1974

Months	Beef and veal			Lamb and mutton ¹			Pork			Total meat		
	1973	1974	Change	1973	1974	Change	1973	1974	Change	1973	1974	Change
	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Pct.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Pct.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Pct.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Pct.</i>
IMPORTS												
January	167	178	+7	4	1	-67	44	43	-3	215	222	+4
February	148	127	-14	7	3	-58	39	47	+20	194	177	-9
March	128	163	+27	8	4	-52	37	52	+41	173	219	+27
April	141	137	-3	5	6	+16	48	43	-11	194	186	-4
May	163	125	-24	7	2	-74	48	39	-18	218	166	-24
June	139			3			45			187		
July	160			5			38			203		
August	227			4			42			273		
September	169			2			38			209		
October	222			3			48			273		
November	192			3			46			241		
December	164			1			39			204		
Total	2,020			52			512			2,584		
EXPORTS												
January	6.50	9.57	+47	0.20	.35	+77	6.10	4.76	-22	12.80	14.68	+15
February	5.04	8.77	+74	.20	.26	+36	12.14	3.13	-74	17.38	12.16	-30
March	6.83	8.06	+18	.25	.34	+35	33.55	4.12	-88	40.63	12.52	-69
April	6.37	6.03	-5	.22	.41	+83	31.15	5.88	-81	37.74	12.32	-67
May	7.99	4.66	-42	.17	-.22	+27	29.72	6.22	-79	37.88	11.10	-71
June	8.51			.16			14.54			23.21		
July	6.93			.22			5.68			12.83		
August	6.76			.28			4.10			11.14		
September	5.22			.21			6.03			11.46		
October	9.32			.25			13.96			23.53		
November	11.02			.32			8.68			20.02		
December	10.41			.26			5.43			16.10		
Total	90.90			2.74			171.08			264.72		

¹ Includes goat meat.

imported meat subject to quota during the last half of 1974.

Total meat exports this year are less than half of a year ago. All of the decline has been in pork. Beef and veal exports (carcass weight equivalent) are up 9 percent with all of the increase going to Japan. The effects of the Japanese beef embargo, however, are becoming apparent, as U.S. beef exports to Japan in April and May were only half of April and May 1973 and pork exports dropped from over 23 million pounds last year to less than 1 million in May this year.

Earlier this year, live cattle were moving into the Canadian market at an increasing pace. In January, 7,000 slaughter cattle moved to Canada and the number increased to 18,000 in February, 20,000 in March, and then dropped sharply to 2,500 in April as the Canadian ban on cattle and beef imports, announced on April 9, became effective. In May only 405 cattle were shipped to Canada. During this period in 1973 we had shipped about 2,000 head per month north of the border. Canada's DES-related ban on livestock and beef imports became effective in April but adverse price reaction in the cattle market has probably been minimal. The 49 thousand slaughter cattle sent to Canada during January-May is small compared with a U.S. weekly F.I. slaughter rate of more than 600 thousand head, or a total of 13 million head during that 5 month period.

Cold Storage Holdings Large

June 1 cold storage stocks of meat totaled 1,021 million pounds—up 46 percent from a year earlier. Beef stocks were estimated at 461 million pounds, of which 450 million pounds were frozen. Some of this frozen beef is imported. Although beef stocks were up 37 percent from last year, they were down 2 percent from the record May level. Pork stocks were 417 million pounds—up 61 percent from last year, but not as large as 1971.

Meat in storage represents less than 2 weeks of total production, but the type of beef in storage competes primarily with domestic cow beef. Frozen stocks of 450 million pounds could amount to as much as a 10-week supply of domestic cow beef production.

The rapid increase in meat storage stocks in recent months can probably be best described as a backup rather than a deliberate withholding. However, the possibility of another truckers' strike that had been scheduled for mid-May may have provided some incentive for larger stocks.

Most of the increase in stocks was due to pressures of large domestic meat production. January-May beef production was record large. Pork production was 8 percent larger than last year. But retail prices were also higher than last year. After sustaining a 7 percent drop in spending power during January-March, consumers tightened their purse strings at the meat counter. Movement of meat through marketing channels will continue to be sluggish until retail prices drop enough to move the larger supplies or until consumer incomes again show some real growth.

USDA to Purchase up to \$100 Million of Meat

The Department of Agriculture announced on June 18 intentions to purchase up to \$100 million worth of beef and pork for use in school lunches during the 1974-75 school year.

This meat will be purchased ahead of normal schedules to help cattlemen and hog producers who are suffering from low prices, and to help prevent future dislocations in supply, which would adversely affect consumer prices. During fiscal year 1973-74 the Department purchased 110 million pounds of meat for school lunches at a total cost of \$103 million.

Purchase will be made beginning in early July from funds provided under Section 32 of Public Law 74-32.

Supply and distribution of commercially produced meat, by month, carcass weight

Meat and period	Supply				Distribution			
	Production ¹	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption	
							Total	Per person ²
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Pounds
Beef:								
1973								
January	1,944	367	162	10	383	27	2,053	9.9
February	1,675	383	145	9	369	20	1,805	8.7
March	1,774	369	126	12	359	23	1,875	9.0
April	1,483	359	139	11	360	18	1,592	7.7
May	1,826	360	161	13	338	19	1,977	9.5
June	1,740	338	138	13	322	20	1,861	8.9
July	1,694	322	159	11	298	14	1,852	8.9
August	1,662	298	226	12	254	6	1,914	9.2
September	1,641	254	167	9	244	24	1,785	8.6
October	1,996	244	218	13	315	24	2,106	10.1
November	1,875	315	188	15	393	20	1,950	9.3
December	1,778	393	160	16	448	14	1,853	8.9
1974								
January	1,972	448	174	14	464	10	2,106	10.1
February	1,601	464	125	13	448	12	1,717	8.2
March	1,856	448	160	12	485	13	1,954	9.4
April	1,852	485	136	10	471			
May	1,946	471	123	8	461			
Veal:								
1973								
January	36	13	4	1	16	1	35	0.2
February	29	16	4	1	15	(³)	33	.1
March	31	15	2	(³)	12	1	35	.2
April	24	12	2	1	13	1	23	.1
May	27	13	2	(³)	12	(³)	29	.2
June	25	12	1	(³)	11	1	26	.1
July	24	11	1	(³)	10	(³)	26	.1
August	25	10	1	1	8	(³)	27	.1
September	24	8	2	(³)	8	(³)	26	.1
October	28	8	4	1	9	(³)	30	.2
November	28	9	4	1	10	(³)	30	.1
December	24	10	4	1	12	1	24	.1
1974								
January	29	12	4	1	12	(³)	32	.2
February	25	12	2	1	12	(³)	26	.1
March	29	12	4	1	14	1	29	.1
April	28	14	2	1	14			
May	29	14	2	1	14			
Lamb & Mutton:								
1973								
January	46	16	4	1	14	(³)	51	0.3
February	40	14	7	1	12	(³)	48	.2
March	40	12	8	(³)	11	1	48	.2
April	39	11	5	1	13	(³)	41	.2
May	48	13	7	(³)	16	(³)	52	.3
June	40	16	3	(³)	16	3	40	.2
July	43	16	5	(³)	14	(³)	50	.3
August	44	14	4	(³)	13	(³)	49	.2
September	41	13	2	1	13	(³)	42	.2
October	49	13	3	1	16	(³)	48	.2

Continued—

Supply and distribution of commercially produced meat, by month, carcass weight—Continued

Meat and period	Supply				Distribution			
	Production ¹	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption	
							Total	Per person ²
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Pounds
November	40	16	3	(³)	15	(³)	44	.2
December	34	15	1	1	15	(³)	34	.1
1974								
January	41	15	1	1	12	(³)	44	.2
February	34	12	3	(³)	12	(³)	37	.2
March	44	12	4	1	14	(³)	45	.2
April	43	14	6	(³)	14			
May	36	14	2	(³)	17			
Pork:								
1973								
January	1,149	214	44	14	203	11	1,179	5.7
February	979	203	39	19	202	9	991	4.8
March	1,134	202	37	42	240	7	1,084	5.2
April	1,033	240	48	42	248	8	1,023	4.9
May	1,150	248	48	39	259	8	1,140	5.5
June	995	259	45	23	252	8	1,016	4.9
July	889	252	38	12	203	6	960	4.6
August	973	203	42	11	179	15	1,011	4.9
September	929	179	38	13	196	10	927	4.4
October	1,152	196	48	21	224	9	1,142	5.5
November	1,137	224	46	16	277	6	1,108	5.3
December	1,058	277	39	16	286	6	1,066	5.1
1974								
January	1,212	286	43	14	303	6	1,218	5.8
February	999	303	47	9	307	6	1,027	4.9
March	1,159	307	52	11	351	8	1,148	5.5
April	1,228	351	42	13	405			
May	1,262	405	39	13	416			
Total Meat:								
1973								
January	3,175	610	214	26	616	39	3,318	16.1
February	2,723	616	195	30	598	29	2,877	13.8
March	2,979	598	173	54	622	32	3,042	14.6
April	2,579	622	194	55	634	27	2,679	12.9
May	3,051	634	218	53	625	27	3,198	15.5
June	2,800	625	187	36	601	32	2,943	14.1
July	2,650	601	203	23	525	20	2,886	13.9
August	2,704	525	273	24	454	21	3,003	14.4
September	2,635	454	209	23	461	34	2,780	13.3
October	3,225	461	273	36	564	33	3,326	16.0
November	3,080	564	241	32	695	26	3,132	14.9
December	2,894	695	204	34	761	21	2,977	14.2
1974								
January	3,254	761	222	30	791	16	3,400	16.3
February	2,659	791	177	23	779	18	2,807	13.4
March	3,088	779	220	25	864	22	3,176	15.2
April	3,151	864	186	24	904			
May	3,273	904	166	22	908			

¹ Excludes production from farm slaughter. ² Derived from estimates by months of population eating out of civilian food supplies.
³ Less than 500,000 pounds.

1973 revised to include 50 States.

Table 6.—Corn Belt Cattle Feeding

Selected expenses at current rates¹

Selected expenses	1972				1973				1974	
	I	II	III	IV	I	II	III	IV	I	II
	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head
600 lb. feeder steer	230.82	241.80	254.76	266.16	304.62	322.44	347.88	301.20	292.38	238.80
Transportation to feedlot (400 miles)	3.84	4.08	4.08	4.32	4.32	4.56	4.56	4.80	4.80	5.04
Corn (45 bu.)	48.15	50.40	52.20	55.80	60.75	76.05	104.85	100.80	121.05	111.60
Silage (1.7 tons)	15.56	15.71	15.79	16.90	18.70	21.39	26.59	26.23	32.33	30.38
30% protein supplement (270 lb.)	14.90	15.26	15.74	17.50	21.11	24.25	24.65	23.63	24.08	21.92
Hay (400 lb.)	4.60	4.42	4.23	4.53	5.15	5.00	4.83	5.13	6.75	6.63
Labor (4 hours)	7.80	7.80	8.04	8.04	8.12	8.44	8.72	8.84	9.04	9.20
Management ²	3.90	3.90	4.02	4.02	4.06	4.22	4.36	4.42	4.52	4.60
Vet medicine ³	2.00	2.03	2.05	2.10	2.20	2.32	2.41	2.46	2.58	2.67
Interest on purchase (6 mo.)	8.94	9.37	9.87	10.31	12.95	13.70	14.78	13.86	13.89	12.54
Power, equip, fuel, shelter, depreciation ³	9.25	9.40	9.51	9.73	10.19	10.72	11.15	11.37	11.92	12.36
Death loss (1% of purchase)	2.31	2.42	2.55	2.66	3.05	3.22	3.48	3.01	2.92	2.39
Transportation & marketing expenses (100 miles)	4.78	4.89	4.94	5.04	5.09	5.20	5.25	5.35	5.40	5.51
Misc. and indirect costs ³	4.00	4.07	4.12	4.21	4.41	4.64	4.83	4.92	5.16	5.35
Total	360.85	375.55	391.90	411.32	464.72	506.15	568.34	516.02	536.82	468.99
Selling price/cwt. required to cover feed and feeder costs (1050 lbs.)	29.91	31.20	32.64	34.37	39.08	42.77	48.46	43.52	45.39	38.98
Selling price/cwt. required to cover all costs (1050 lbs.)	34.37	35.77	37.32	39.17	44.26	48.20	54.13	49.14	51.13	44.67
Feed cost per 100 lb. gain	18.49	19.06	19.55	21.05	23.49	28.15	35.76	34.62	40.94	37.90
Prices										
Feeder steer choice (600-700 lbs., Kansas City/cwt.)	38.47	40.30	42.46	44.36	50.77	53.74	57.98	50.20	48.73	39.80
Corn/(bu.) ⁴	1.07	1.12	1.16	1.24	1.35	1.69	2.33	2.24	2.69	2.48
Hay /ton ⁴	23.00	22.08	21.17	22.67	25.75	25.00	24.17	25.67	33.75	33.17
Corn silage /ton ⁵	9.15	9.24	9.29	9.94	11.00	12.58	15.64	15.43	19.02	17.87
30%, Protein supplement/ cwt. ⁶	5.52	5.65	5.83	6.48	7.82	8.98	9.13	8.75	8.92	8.12
Farm Labor /hour ⁶	1.95	1.95	2.01	2.01	2.03	2.11	2.18	2.21	2.26	2.30
Interest annual rate	7.75	7.75	7.75	7.75	8.50	8.50	8.50	9.20	9.50	10.50
Transportation rate (/cwt 100 miles) ⁷ .....	.16	.17	.17	.18	.18	.19	.19	.20	.20	.21
Marketing expenses ⁸	3.10	3.10	3.15	3.15	3.20	3.20	3.25	3.25	3.30	3.30
Index of prices paid by farmers (1910-14=100)	422	429	434	444	465	489	509	519	544	564

¹ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices for management, production level and locality of operation.
² Assumes one hour at twice the labor rate. ³ Adjusted quarterly by the index of prices paid by farmers for commodities, services,

interest, taxes and wage rates. ⁴ Average price received by farmers in Iowa and Illinois. ⁵ Corn silage price derived from an equivalent price of 5 bushels corn and 330 lb. hay. ⁶ Average price paid by farmers in Iowa and Illinois. ⁷ Converted from cents/mile for a 44,000 pound haul. ⁸ Yardage plus commission fees at a midwest terminal market.

Table 7.—California Cattle Feeding

Selected expenses at current rates¹

Selected expenses	1972				1973				1974	
	I	II	III	IV	I	II	III	IV	I	II
	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head
450. lb. feeder steer	184.59	185.09	203.54	209.12	256.01	265.46	285.17	238.86	229.46	173.80
Transportation to Feedlot (1400 miles)	10.08	10.71	10.71	11.34	11.34	11.97	11.97	12.60	12.60	13.23
Commission	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Barley (70 bu.)	100.80	98.00	97.30	107.80	119.70	121.10	162.40	184.10	201.60	166.60
41% Cottonseed Meal (59 lb.)	3.34	3.38	3.38	3.54	5.06	6.24	6.89	6.09	6.30	5.61
Urea ((28 lb.)	1.22	1.22	1.26	1.26	1.26	1.36	1.47	1.47	1.47	2.66
Alfalfa hay (862 lb.)	15.95	15.16	14.73	15.37	17.60	18.32	20.11	28.52	31.17	29.31
Labor (2 hours)	4.00	4.06	4.10	4.20	4.36	4.28	4.48	4.60	4.72	4.82
Management ²	4.00	4.06	4.10	4.20	4.36	4.28	4.48	4.60	4.72	4.82
Vet Medicine ³	2.00	2.03	2.05	2.10	2.20	2.32	2.41	2.46	2.58	2.67
Interest on purchase (9 months)	10.73	10.76	11.83	12.16	16.32	16.92	18.18	16.48	16.35	13.69
Power, equip., fuel, shelter, depreciation ³	9.25	9.40	9.51	9.73	10.19	10.72	11.15	11.37	11.92	12.36
Death Loss (2% of purchase)	3.69	3.70	4.07	4.18	5.12	5.31	5.70	4.78	5.59	3.48
Transport & marketing expenses ⁴	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.
Miscellaneous and indirect costs ³	4.00	4.07	4.12	4.21	4.41	4.64	4.83	4.92	5.16	5.35
Total	355.90	353.89	372.95	391.46	460.18	475.17	541.49	523.10	535.89	440.65
Selling price required/cwt. to cover feed and feeder costs ⁵	31.09	30.78	32.54	34.26	40.61	41.92	48.38	46.65	47.76	38.41
Selling price required/cwt. to cover all costs ⁵	36.17	35.96	37.90	39.78	46.77	48.29	55.03	53.16	54.46	44.78
Feed cost/100 lb. gain	21.09	20.48	20.29	22.26	24.98	25.57	33.19	38.29	41.83	35.51
Prices										
Feeder steer (Good, 400-500 lb. Fort Worth/cwt.)	41.02	41.13	45.23	46.47	56.89	58.99	63.37	53.08	50.99	38.62
Transportation rate/cwt. (100 miles) ⁶ .....	.16	.17	.17	.18	.18	.19	.19	.20	.20	.21
Commission fee/cwt. ....	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Barley/bushel ⁷	1.44	1.40	1.39	1.54	1.71	1.73	2.32	2.63	2.88	2.38
Alfalfa hay/ton ⁷	37.00	35.17	34.17	35.67	40.83	42.50	46.67	66.17	72.33	68.00
41% Cottonseed meal/cwt. ⁸	5.67	5.73	5.73	6.00	8.57	10.57	11.67	10.33	10.67	9.50
Urea/ton ⁸	87.00	87.00	90.00	90.00	90.00	97.00	105.00	105.00	105.00	190.00
Farm labor/hour ⁸	2.00	2.03	2.05	2.10	2.18	2.14	2.24	2.30	2.36	2.41
Interest rate	7.75	7.75	7.75	7.75	8.50	8.50	8.50	9.20	9.50	10.50
Index of prices paid by farmers (1910-14=100)	422	429	434	444	465	489	509	519	544	564

¹ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation.

² Assumes one hour at twice the labor rate. ³ Adjusted quarterly

by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. ⁴ Most cattle are sold F.O.B. the feedlot with a 4% shrink. ⁵ Sale weight = 984 lbs. (1025 less 4% shrink). ⁶ Converted from cents per mile for a 44,000 pound haul. ⁷ Average price received by farmers in California. ⁸ Average price paid by farmers in California.

Table 8.—Texas Panhandle Cattle Feeding

Selected expenses at current rates¹

Selected expenses	1972				1973				1974	
	I	II	III	IV	I	II	III	IV	I	II
	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head	Dollars per head
600 lbs. Feeder steer	207.30	204.36	225.30	233.22	267.72	274.98	304.02	259.02	259.02	204.90
Transportation to feedlot (150 mi.)	1.44	1.53	1.53	1.62	1.62	1.71	1.71	1.80	1.80	1.89
Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Sorghum grain (2156 lb.)	41.63	41.63	44.42	51.50	59.44	63.74	77.69	78.76	95.94	82.14
Corn (18 bu.)	24.66	24.30	24.48	27.36	31.32	34.38	43.56	44.82	50.76	45.72
Urea (20 lb.) .....	.83	.83	.84	.84	.84	.87	.92	.92	.92	1.94
Cottonseed hulls (352 lb.)	4.75	4.75	3.92	4.14	4.59	4.59	8.23	8.10	8.71	8.80
Alfalfa cubes (352 lb.)	17.09	16.14	15.11	16.72	20.24	18.92	20.02	22.22	24.57	23.83
Labor (2 hours)	3.14	3.10	3.18	3.20	3.32	3.40	3.40	3.54	3.72	3.80
Management ²	3.14	3.10	3.18	3.20	3.32	3.40	3.40	3.54	3.72	3.80
Vet medicine ³	2.00	2.03	2.05	2.10	2.20	2.32	2.41	2.46	2.58	2.67
Interest on purchase (6 mo.)	8.03	7.92	8.73	9.04	10.37	10.66	11.78	11.91	12.30	10.76
Power, equip., fuel, shelter, dep. ³	9.25	9.40	9.51	9.73	10.19	10.72	11.15	11.37	11.92	12.36
Death Loss (1.1% of purchase)	2.28	2.25	2.48	2.57	2.94	3.02	3.34	2.85	2.85	2.25
Transport and Marketing expense ⁴	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.
Miscellaneous & indirect costs ³	4.00	4.07	4.12	4.21	4.41	4.64	4.83	4.92	5.16	5.35
Total	332.54	328.41	351.85	372.45	425.52	440.35	499.46	459.23	486.97	413.21
Selling price required/cwt. to cover feed & feeder costs ⁵	29.39	28.97	31.16	33.11	38.11	39.43	45.08	41.06	43.64	36.44
Selling price required/cwt. to cover all costs ⁵	32.99	32.58	34.91	36.95	42.21	43.69	49.55	45.56	48.31	40.99
Feed cost/100 lb. gain	19.77	19.48	19.73	22.35	25.87	27.22	33.43	34.40	40.20	36.10
Prices										
Good feeder steer 600 lbs. Amarillo/cwt.	34.55	34.06	37.55	38.87	44.62	45.83	50.67	43.17	43.17	34.15
Transportation rate/cwt. 100 mi. ⁶ .....	.16	.17	.17	.18	.18	.19	.19	.20	.20	.21
Commission fee/cwt. ....	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Sorghum grain/cwt. ⁷	1.94	1.94	2.07	2.40	2.77	2.97	3.62	3.67	4.45	3.81
Corn/bu.	1.37	1.35	1.36	1.52	1.74	1.91	2.42	2.49	2.82	2.54
Alfalfa cubes/ton	97.08	91.68	85.83	95.00	115.00	107.50	113.75	126.25	139.58	135.42
Cottonseed Hulls/ton	27.00	27.00	22.25	23.50	26.09	26.09	46.75	46.00	49.50	50.00
Urea/ton ⁸	83.00	83.00	84.00	84.00	84.00	87.00	92.00	92.00	92.00	194.00
Farm labor ⁸	1.57	1.55	1.59	1.60	1.66	1.70	1.70	1.77	1.86	1.90
Interest rate	7.75	7.75	7.75	7.75	8.50	8.50	8.50	9.20	9.50	10.50
Index of prices paid by farmers (1910-14=100)	422	429	434	444	465	489	509	519	544	564

¹ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. ² Assumes one hour at twice the labor rate. ³ Adjusted quarterly

by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates. ⁴ Most cattle are sold F.O.B. the feedlot with 4% shrink, ⁵ Sale weight = 1008 lbs. (1050-4% shrink). ⁶ Converted from cents per mile for a 44,000 pound haul. ⁷ Average price received by farmers in Texas. ⁸ Average price paid by farmers in Texas.

Selected price statistics for meat animals and meat

Item	1974					
	Jan.	Feb.	Mar.	Apr.	May	June
<i>Dollars per 100 pounds</i>						
CATTLE AND CALVES						
Beef steers, slaughter, Omaha						
Prime	48.41	47.42	42.43	41.96	40.29	37.42
Choice	47.68	46.12	42.36	41.18	40.04	37.33
Good	46.19	44.78	41.06	39.62	38.45	35.28
Standard	42.67	41.58	37.77	37.30	34.91	29.74
Utility	41.05	39.72	36.94	36.20	33.85	27.82
All grades	47.28	45.72	41.98	40.81	39.49	36.62
Choice 900-1100 pounds, California	50.60	48.75	44.19	44.62	43.98	39.69
Choice 900-1100 pounds, Colorado	49.46	47.42	41.83	41.61	41.29	38.16
Cows, Omaha						
Commercial	31.40	32.44	31.61	30.35	27.58	26.15
Utility	31.45	32.65	31.76	30.49	27.67	26.39
Cutter	29.71	30.77	30.04	28.92	26.08	25.00
Canner	28.15	28.60	28.04	27.26	24.39	23.04
Vealers, Choice, S. St. Paul	61.29	64.92	63.30	59.62	55.16	48.35
Stocker and feeder steers, Kansas City ¹	48.73	45.12	43.65	42.49	37.24	33.16
Price received by farmers						
Beef cattle	44.40	43.50	40.70	39.20	37.20	32.30
Cows	32.00	33.10	32.30	30.70	28.90	24.90
Steers and heifers	47.60	46.50	42.90	41.20	39.10	34.10
Calves	53.90	53.20	49.40	47.20	42.80	37.40
Beef steer-corn price ratio ²	17.4	15.5	15.2	16.4	15.7	13.7
HOGS						
Barrows and gilts, U.S. No. 1 and 2, Omaha						
180-200 pounds	---	---	---	---	---	---
200-220 pounds	42.11	41.02	35.73	32.25	28.24	29.89
220-240 pounds	42.06	41.01	35.73	32.22	28.13	29.78
Barrows and gilts, 7 markets ³	40.59	39.73	34.88	30.52	26.09	27.40
Sows, 7 markets ³	33.93	34.21	31.42	26.60	21.52	21.37
Price received by farmers	40.10	39.40	35.00	30.60	26.30	23.50
Hog-corn price ratio ⁴						
Omaha, barrows and gilts	14.8	13.4	12.5	12.1	10.2	10.0
Price received by farmers, all hogs	15.5	14.3	13.1	12.7	10.7	9.1
SHEEP AND LAMBS						
Sheep						
Slaughter ewes, Good, San Angelo	20.80	22.38	21.00	16.50	12.65	12.25
Price received by farmers	14.20	15.20	14.50	13.30	11.90	10.60
Lamb						
Slaughter, Choice, San Angelo	39.50	40.75	40.38	42.25	47.25	46.25
Feeder, Choice, San Angelo	39.55	38.12	34.19	41.56	42.00	37.08
Price received by farmers	39.20	39.50	35.80	37.40	41.50	43.50
ALL MEAT ANIMALS						
Index number price received by farmers (1967=100)	202	199	183	172	159	140
<i>Dollars per 100 pounds</i>						
MEAT						
Wholesale, Chicago, Carlot						
Steer beef carcass, Choice, 600-700 pounds ...	75.56	75.78	67.62	65.84	66.13	62.18
Heifer beef, Choice, 500-600 pounds	73.99	73.78	66.20	64.77	64.71	61.32
Cow beef, Canner and Cutter	67.30	67.65	63.45	62.07	58.71	55.09
Lamb carcass, Choice and Prime, 45-55 pounds	83.15	85.78	76.75	74.75	90.30	92.50
Fresh pork loins, 8-14 pounds	80.01	79.67	70.00	65.03	65.04	67.85
<i>Cents per pound</i>						
Retail, United States average						
Beef, Choice grade	143.0	150.0	142.2	136.4	135.0	
Pork, retail cuts and sausage	116.7	117.2	111.8	104.7	99.4	
Lamb, Choice grade	132.6	136.9	139.3	137.3	136.5	
Index number all meats (BLS)						
Wholesale (1967=100)	177.8	175.1	160.1	151.9	147.5	
Retail (1967=100)	169.9	176.3	173.1	164.8	158.7	
Beef and veal	168.6	181.3	178.4	170.0	165.8	
Pork	173.5	174.0	169.0	158.2	148.8	

¹ Average all weights and grades. ² Bushels of No. 2 Yellow Corn equivalent in value to 100 pounds of slaughter steers sold out of first hands, Omaha, all grades. ³ St. Louis N.S.Y., Kansas

City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis. ⁴ Number bushels of corn equivalent in value to 100 pounds of live hogs.

Selected marketing, slaughter and stock statistics for meat animals and meat

Item	Unit	1974				
		Jan.	Feb.	Mar.	Apr.	May
Meat animal marketings						
Index number (1967-100)		116	98	103	106	116
7-State Cattle on Feed Report						
Number on feed	1,000 head	9,353	9,632	9,248	8,803	8,351
Placed on feed	1,000 head	1,822	956	1,224	1,192	1,078
Marketings	1,000 head	1,543	1,340	1,627	1,644	1,544
Slaughter under Federal inspection						
Number slaughtered						
Cattle	1,000 head	2,792	2,303	2,621	2,643	2,793
Steers	1,000 head	1,447	1,259	1,537	1,558	1,626
Heifers	1,000 head	684	516	595	600	659
Cows	1,000 head	608	481	442	437	449
Bulls and stags	1,000 head	54	47	47	48	59
Calves	1,000 head	181	155	180	172	167
Sheep and lambs	1,000 head	749	612	772	782	670
Hogs	1,000 head	6,804	5,584	6,568	6,867	7,077
Percentage sows	Percent	6	6	4	5	6
Average live weight per head						
Cattle	Pounds	1,074	1,074	1,077	1,069	1,077
Calves	Pounds	199	196	186	197	211
Sheep and lambs	Pounds	108	111	111	109	105
Hogs	Pounds	246	244	245	246	246
Average production						
Beef, per head	Pounds	648	638	655	648	647
Veal, per head	Pounds	115	114	112	116	120
Lamb and mutton, per head	Pounds	54	55	56	54	52
Pork, per head	Pounds	168	169	168	170	170
Pork, per 100 pounds live weight	Pounds	68	69	69	69	69
Lard, per head	Pounds	16	15	17	16	17
Lard, per 100 pounds live weight	Pounds	6	6	7	6	7
Total production						
Beef	Mil. lb.	1,807	1,465	1,711	1,707	1,802
Veal	Mil. lb.	21	18	20	20	20
Lamb and mutton	Mil. lb.	40	34	43	42	35
Pork	Mil. lb.	1,143	974	1,101	1,166	1,200
Lard	Mil. lb.	108	85	110	108	122
Commercial slaughter ¹						
Numbered slaughtered						
Cattle	1,000 head	3,088	2,543	2,872	2,898	3,050
Calves	1,000 head	214	186	212	204	205
Sheep and lambs	1,000 head	770	629	791	817	694
Hogs	1,000 head	7,234	5,961	6,943	7,280	7,479
Total production						
Beef	Mil. lb.	1,972	1,601	1,856	1,852	1,946
Veal	Mil. lb.	29	25	29	28	29
Lamb and mutton	Mil. lb.	41	34	44	43	36
Pork	Mil. lb.	1,212	999	1,159	1,228	1,262
Lard	Mil. lb.	113	89	114	113	127
Cold storage stocks first of month						
Beef	Mil. lb.	448	464	448	485	471
Veal	Mil. lb.	12	12	12	14	14
Lamb and mutton	Mil. lb.	15	12	12	14	14
Pork	Mil. lb.	286	303	307	351	405
Total meat and meat products ²	Mil. lb.	830	864	864	960	1,006

¹ Federally inspected and other commercial. ² Includes stocks of canned meats in cooler in addition to the meats listed.

WORLD MEAT SITUATION

Donald W. Regier

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ABSTRACT: The year 1973 marked a low in production cycles of beef and pork in the United States and the European Community. Other regions conform or adapt to this pattern. Faced with common problems of inflation, international liquidity, and falling meat prices, authorities around the world have independently followed or considered a variety of similar policies. World commercial beef production is expected to rise this year.

The United States and the European Community—the world's largest importers and consumers of commercial meat—both suffered sharp declines in meat production in 1973. In both regions cyclical declines occurred in production of both beef and pork. In both regions meat imports were encouraged but did not rise sufficiently to prevent consumption from falling. In both regions meat prices rose sharply.

Elsewhere, too, this pattern held. In Canada, beef and pork production fell though much less sharply. In Japan, beef production receded but growing imports of both beef and pork kept consumption trending upward. Argentina, precluded by foot-and-mouth disease (aftosa) regulations from exporting fresh beef to the United States, is locked into a feast-or-famine cycle depending on beef production in the European Community, and Argentina's production is down. Oceania's exports have been rising with expansion of beef consumption in the United States. In Mexico and Central America, production has grown and generated a steady stream of exports.

The Early 1970's

In these major beef trading regions (the United States, EC-9, Japan, Canada, Argentina, Australia, New Zealand, Mexico, and Central America), cattle slaughter and beef production peaked in 1970 and the aggregate output declined in each of the next 3 years. These countries account for about a fourth of world cattle numbers, nearly two-thirds of world beef production, and four-fifths of world beef trade.

Reports received by the Foreign Agricultural Service from agricultural attaches confirm that a comprehensive process of herd building has been underway around the world and at least partly explains the observed decline in aggregate beef production since 1970. Encouraged by soaring income and consumption expenditures in the developed countries and by high prices, producers held cattle for further breeding or weight gain before marketing them.

Competition for available meat supplies took the form of removal of import restrictions.

The European Community progressively lightened its ad valorem tariffs and variable levies on imported beef until by 1972 they were only being used seasonally. They were not in effect at the beginning of 1973. The levies were left in force on pork imports.

Japan reversed its longstanding policy of severely restricting meat imports. Using an import licensing system and a 25 percent ad valorem tariff on beef, progressively larger import quotas were announced at 6-month intervals culminating with a 90,000 metric ton quota for the half-year to end March 1974. Pork import quotas were replaced by variable levies in 1971. Variable levies and 10 percent ad valorem duties on pork imports were removed seasonally in 1972 and 1973 because of high Japanese prices.

The United States established standby import quotas under the Meat Import Act of 1964 (P.L. 88-482) based on a market sharing principle and allowing for imports of beef, veal, mutton, and goat meat amounting to 7-8 percent of U.S. production.

Quotas have been invoked and then immediately suspended each year since late 1970, because of overriding economic conditions in the United States.

1973 to Date

Events in 1973 turned the international meat situation around.

In February 1973 the second devaluation of the U.S. dollar occurred (the first was in December 1971) followed by a floating depreciation of the dollar during the following summer. This opened the United States to the forces of international currency and commodity arbitrage, and domestic U.S. prices became subject to international pricemaking forces.

Internationally traded commodities rose by a half in price during 1972 and again in 1973. Grain prices reflected this development but have receded somewhat; meat prices rose too, but fell back further. The petroleum crisis at the end of 1973 brought international fuel prices into line with this general commodity price rise. Gold prices conformed to the pattern of other commodities. World supply shortages coincided with some price rises.

The United States adopted high interest rates to help stabilize prices and prevent an outflow of liquid funds from the U.S. business community to the rest of the world.

An important consequence of these developments is that consumers could suddenly perceive that an unexpected reduction had occurred in the purchasing power of their incomes—in their real incomes. As a result there was resistance to the high prices for meat, especially beef. Apparently the phenomenon is worldwide among so-called developed countries and not limited to the United States.

Another consequence is that cattlemen, ranchers, dairymen, and mixed farmers in the major meat producing countries began moving their herds to market.

The first important moves seem to have occurred in the European Community, which has something of a lead in the beef production cycle. Under the combined effect of increased marketings and reduced real income, beef prices dropped in the fall of 1973 triggering the reimposition of tariffs and variable levies. Full duties of 20 percent on beef were restored in September and import levies were restored in November (the latter now amount to about 38 percent). Export restitutions appeared in January 1974, including a special subsidy on Irish manufacturing beef to the United States, currently amounting to about 10 cents per 100 pounds, net. The EC beef import system has recently been supplemented with a system of import certificates, and the sparse and unsteady issuance of these is now an effective restraint to importation from third countries. No certificates were issued during the first

week of May 1974 for imports of fresh and chilled beef into any EC country.

Other EC measures include reduction of the validity time of beef import licenses for Southern Hemisphere suppliers from 90 to 40 days and measures for disposal of intervention stocks of meat. Intervention authorities have acquired substantial quantities, especially of beef and poultrymeat in striving to avoid price declines. Deboned for ease of storage, this meat is ready to move into international trade.

On April 30, the Italian Government, under pressure of severe adverse balances in international payments, instituted a system of advanced deposits on most imports, including beef. Deposits are non-interest-bearing, 6-month term, and for 25 percent of the value being imported.

Japan is faced with heavy balance of payments losses and the felt need to curtail foreign exchange outlay wherever possible. Beef wholesale prices remained steady from 1972 to 1973 while other prices were rising at the sharpest rate for any developed country. Small farmers are liquidating cattle holdings and threatening the basis of the future milk supply. The fishing catch has been good and Japanese are said to be balancing their household budgets by expanding purchases of relatively low priced fish. The 90,000 metric ton import quota announced for the 6-month period ending March 1974 was reduced by an amount estimated at about 40,000 metric tons and the amount and frequency of further beef import quotas is very uncertain. It does not appear to be the intention of the Japanese Government to completely eliminate beef imports in the future, however.

Argentina has formally protested the EC's unilateral restriction of beef imports while the EC maintained—and even raised (12 percent in April 1974)—EC domestic guide prices. Production is reported steady. Argentina's exports are running about 40 percent below last year. Herds are large and growing with no signs of haste to expand slaughter. Export taxes isolate Argentine ranchers from the world market. Shipments of frozen cooked beef to the United States are up over 50 percent.

Canada has a two-fold concern. Like other importers, Canada fears being turned into a dumping ground for the world's excess beef to the ruin of the domestic beef industry. Canada also fears—rightly or wrongly—that some of the imported beef may be unsafe. Canada has banned imports of U.S. beef and cited use of diethylstilbestrol (DES) as a reason. Discussions are under way between Canadian and U.S. authorities to assuage Canada's two fears with the least possible disruption of trade.

In Australia and New Zealand beef production and prices are down. Producers seem to be under no pressure to sell, and herds are being built. Weather

conditions are good and pastures support the expanding herds.

Outlook

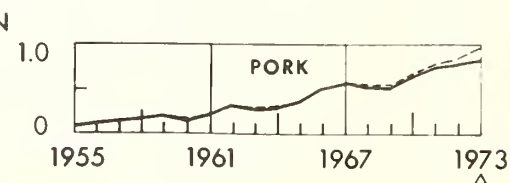
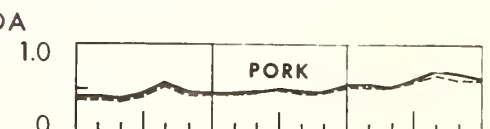
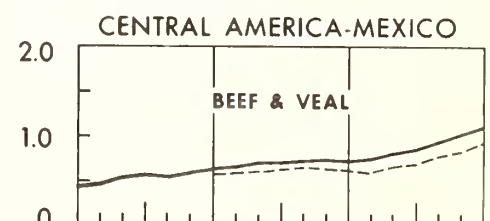
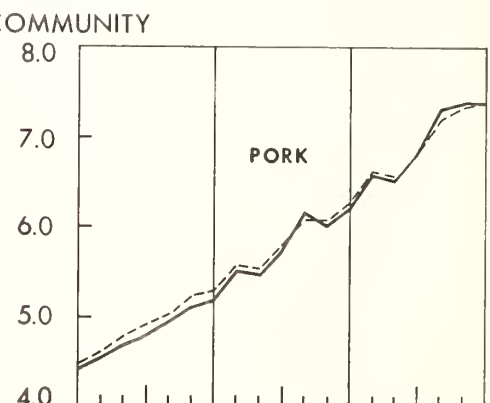
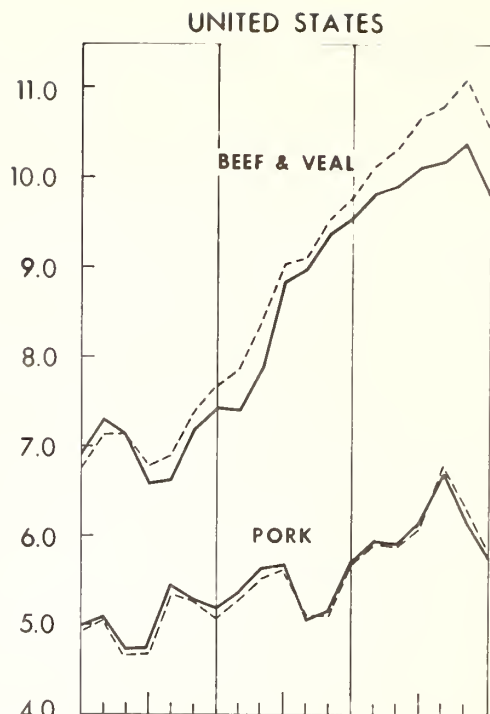
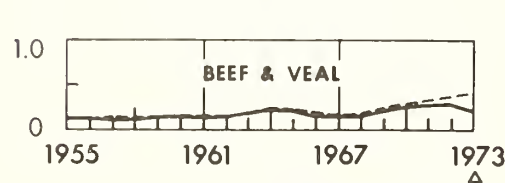
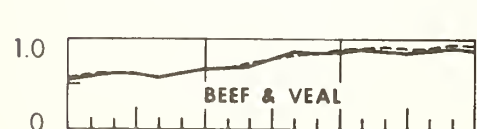
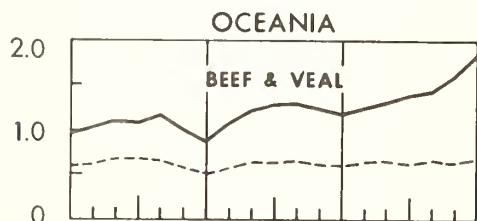
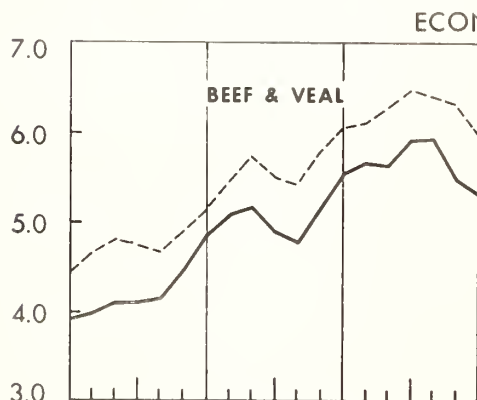
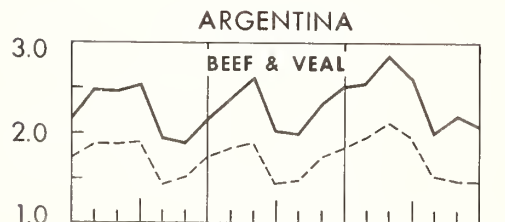
Expanding output and lower meat prices came to the United States, too, in 1974. Beef and pork output is expanding this year. Beef output will expand further next year. U.S. imports appear very likely to run under last year's figure.

Europe's and Argentina's meat economies are locked in a common beef cycle. Much price uncertainty for the rest of the world depends on how these 2 regions face problems of customary trade volume, desire for self-sufficiency, and the financing of fuel imports.

World commercial beef production is expected to rise this year. Commercial beef herds are expanding again this year which will likely mean larger world production during the next several years.

PRODUCTION AND CONSUMPTION OF BEEF AND PORK

(Million Metric Tons)



PRODUCTION ——— CONSUMPTION - - - - -

Δ PRELIMINARY.

✓ FORAGE REQUIREMENTS TO MEET FUTURE MEAT PRODUCTION DEMANDS

by

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ABSTRACT: Increased feed grain and protein prices could result in a reversal in past trends toward more concentrates and less roughage in cattle feed rations. A 25-35 percent expansion in the beef cow herd from 1970 to 1980 will put an additional requirement on U.S. forage supplies.

KEY WORDS: Forage, beef, feed prices, land use, demand, projections.

We have been reminded on several occasions of the expectations for a continued strong demand for red meats, particularly beef. Given these observations together with some other changes on the agricultural scene, we can expect this increased demand for beef to create a demand for more forages.

Policy Redirections

The Agriculture and Consumer Protection Act of 1973 represents a significant shift in agricultural policy. Our policymakers are looking to exports from the agricultural and other raw material segments of our economy to ease the balance of payments deficit. Rapid economic growth in Japan, the European Community, and the Soviet Union and Eastern Europe has created an increased demand for livestock products. This increased demand is expected to continue despite the temporary setback in economic activity and larger expenditures on energy-related imports we are currently witnessing. Personal income levels in these countries and recent dollar devaluations have made our prices look much more attractive to them. Foreign consumers, like U.S. consumers, enjoy beef and other red meats if the price is right relative to their ability to pay. Thus, there is good reason for optimism regarding possibilities for export of feeds for livestock as well as for livestock products.

Adapted from a paper, "Future Meat Production Demands from Rangelands," presented at the 27th Annual Meeting of the Society for Range Management, Tucson, Arizona, Feb. 8, 1974.

The quantity and value of commodities flowing in international trade are difficult to predict. Currency realignments (resulting from differing rates of inflation among trading nations) are one source of uncertainty. A second unknown is the year-to-year variability in world production levels of traded commodities; e.g., Russia's short grain crop in 1972. Further, we can only speculate as to possible relationships between prices, incomes, and consumption levels of commodities for which no historical base exists. Finally, and perhaps most important, the constraints imposed on free trade such as tariffs, embargoes, quotas, and duties evolve largely from negotiations in the political arena.

Researchers in ERS have offered a look at possible future trade levels for U.S. agricultural commodities. (11) These estimates in table 1 should not be viewed as predictions—rather they are results associated with two sets of assumptions about those uncertainties

Table 1.—U.S. agricultural exports under alternative assumptions

Commodity	1969-72 base	1985 continu- ation	1985 libera- lization
	Million metric tons	Million metric tons	Million metric tons
Wheat	18.0	21.2	---
Feed grains	20.9	30.7	56.3
Soybeans	11.6	25.8	30.6
Oilcake and meal ..	3.9	5.5	---

Source: (11).

just mentioned. First, consider a continuation, more or less, of present policies among trading nations. There is a growth in demand for American agricultural products, but this growth is checked by high prices (tariffs) and quotas in order to attain self-sufficiency within the importing countries. The second set of assumptions considers negotiations for trade liberalization to be successful with a much stronger growth in demand for livestock products. It is unlikely that the feed grain and soybean production required to meet domestic and foreign demands can be met without an increase in the relative price of these commodities. Additional land will have to be bid back into crop production, and input prices, especially fuel and fertilizer, are going to be substantially higher.

Changing Price Relationships

Increased relative prices of concentrates could result in a reversal of the trend toward more concentrates being fed in livestock rations. In the early 1940's (table 2) concentrates amounted to only about 14 percent of the feed unit intake of beef cattle and by 1970 this percentage had increased to 24. (1,8) The proportions of concentrates and forages in livestock rations tend to follow their relative prices. Notice that the price of corn relative to the price of hay has been falling throughout most of the period for which the increased feeding of concentrates has occurred.

Table 2.—Concentrates and forages fed in beef cattle rations, fed beef share of total beef, and corn-hay price ratio

Years	Feeding of—		Feed beef	\$Corn
	Concentrates	Forages		\$Hay
	Percent	Percent	Percent	Ratio
1940-44	14.3	85.7	n.a.	2.12
1950-54	16.9	83.1	45.4	2.31
1960-64	20.0	80.0	63.5	1.74
1970	23.9	76.1	77.7	1.60

Sources: (1), (8), (10).

The increased reliance on concentrates reflects the increased prevalence of fed beef relative to non-fed beef and the feeding of "high energy" rations to beef cattle at lighter weights. Fed beef accounted for 78 percent of all beef in 1973, where it was only 45 percent during the early 1950's. (10) Formerly, cattle were 800-900 pound 2-year old steers when placed on feed. Increasingly cattle men have been placing younger and lighter animals on feed and the amount of concentrates fed per pound of beef produced has increased. We see in table 3 the pounds of forage per pound of live beef produced goes from 3.3 pounds for

Table 3.—Total forages and concentrates required to produce fed beef with varied feedlot starting weights

Type of feed and steers	Cattle feeding system		
	425 to 1,075 lbs.	650 to 1,150 lbs.	800 to 1,200 lbs.
	Pounds	Pounds	Pounds
Forage	3,600	7,095	9,175
Concentrates	3,274	2,896	2,822
Pounds of meat produced ¹ ...	452	483	504
Pounds of forage/pounds of liveweight	3.3	6.2	7.6

¹ Retail weight.

the 425-pound feeder to 6.2 pounds for the 650-pound feeder, and up to 7.6 pounds for an 800-pound feeder.

Other factors also indicate that the feed concentrate-forage price ratio will run higher in the years ahead than has been the case for these products over the past two decades. Exporting feed concentrates to rapidly growing foreign markets will strengthen prices, and at the same time, the fertilizer and energy shortage could limit production. Feed concentrates require far more fuel and fertilizer in their production than do forages which makes them more dependent on higher priced inputs. We can expect grain production costs to rise relatively and in the event nitrogen fertilizer supplies are short, prices could be pressured up further because of tight supplies. With either or both of these cases, we're going to have to rely increasingly on forages to meet our growing domestic demand for increased beef production.

Land Use Shifts

To supply foreign grain and oil crop markets, farm commodity legislation has been oriented toward reducing limits on production. For the first time in two decades we have almost no land idled from crop production by commodity programs. Table 4 shows the most recent distribution of land use. (4) The greatest potential for increasing crop (grain) production lies with shifting land from that which is idle or in soil improvement crops back into

Table 4.—Major use of land in the United States, 1973 and projected 1985, with some possible shifts in the future

Item	1973	1985
	Million acres	Million acres
Cropland harvested	318	350
Cropland for crops	354	382
Cropland idle and in soil improvement ..	28	19
Cropland only for pasture	46	40
Total potential cropland	428	441
Diverted acres	19	0

Source: (4).

production. Out of the roughly 333 million acres of cropland used for crops, about 290 million acres of crops were harvested in 1972. Cultivated summer fallow (a requirement for some lands) and abandonment account for the slippage. Between 1972 and 1973 we saw a 28 million acre increase in cropland harvested; 318 million acres were harvested in 1973. Most of this came from a reduction in land in soil improvement crops or idle land.

About 17 million acres more are going to be harvested in 1974. By 1985 we have the capacity to have 350 million acres of harvested crops with favorable prices. The bulk of the increase would come from the return to production of acres that had been diverted under Federal supply management programs, further shifts from the soil improvement crops, and from cropland pasture. A smaller proportion will be added by converting permanent pasture, irrigation development, drainage and clearing.

We should not count on cropland pasture in the forage base in the long run. Some slippage may also occur in grassland pasture and range—shifts to crop production and to recreational uses will erode the base. Our added forage production will have to come from increased productivity of the remaining land and by better utilizing the available forage on ranges as well as from crop aftermath.

Meeting the Challenge

On several occasions in recent years ERS has looked at the potential for increased beef production. (4, 7, 13) In the summer of 1971 we asked some 300 livestock men across the Nation how they viewed the potential for expanding livestock numbers. In the study we were using 1980 as a target date rather than 1985, but additional analysis since that study lead us to believe that the potentials foreseen will not be exhausted by 1985. Increases in the supply of beef coming from productivity and efficiency increases of the beef cow herd were expected to be of only minor importance in the immediate future. Superovulation was not seen to be of importance to the beef supply by 1985. Only limited improvements in the amount of beef produced per brood cow were seen possible by improved breeding and nutrition programs.

Basically, getting more beef would require a greatly expanded beef cow herd. More beef cows require increased forage production or better utilization of existing forages. These experts on beef production felt it was possible for the Nation's beef cow herd to be 25 to 35 percent larger in 1980 than it was in 1970.

Increased forage production was seen as the key to expanding beef cow numbers. The Eastern, more humid areas have had the greatest potential for increasing forage output or utilization. More limited expansion possibilities were seen for the Western

States. Productivity increases are constrained by precipitation, however.

Throughout the 1950's and 1960's the lion's share of expansion in the beef cow inventory came in the areas where annual precipitation exceeds 25 inches. These are the areas where further forage-producing potential exists.

Applied forage production technology is in its infancy in the more humid regions of the country, at least compared with row crop technology. Nearly all of the experts listed improvements in forage production as a strong factor determining future numbers of beef cows. Forage technology emphasized by the experts included fertilization of pasture and hay crops, improved selection of forage plant mixes, controlled grazing, renovation and reseeding of existing pastures, and uses of herbicides to control undesirable plants.

Important increases in the Nation's cow herd were also seen possible through improvements in methods of salvaging crop residues. Harvesting and feeding of "husklage" or "stalklage" were seen of enormous potential. Several studies have reported as much as 4 to 6 tons per acre of forage from corn crop aftermath. Not all of these potentials are confined to the North Central States. A recent trade magazine article estimates that there is as much as 2 million tons of unutilized grain sorghum roughage in the High Plains of Texas alone—enough to support over 400,000 beef cows. Experts believe that even more impressive possibilities exist in the Corn Belt.

In 1971, when we conducted our survey of expert opinion, possibilities were seen for shifts of marginal cropland to beef production. Especially in the Northern Plains, shifts between small grain and forage production were expected. With today's export picture, and particularly because of the policy emphasis placed on exporting feed concentrates, we do not believe that prices will favor such a shift. In fact, many of the idled acres which were conditionally available for forage production are now being bid back into grain and soybean production.

Indications are that we are under-utilizing some of our forage resources. For example, in the North Central States we had 23 million acres of cropland pasture and hay land in 1972. Add to this 32 million acres of pasture. After accounting for the forage requirements of dairy and sheep in the region, there were 17 million acres of cropland pasture and hay and 27 million acres of permanent pasture. This is enough hay-equivalents to support 12 million beef cows, almost twice as many as we now have. These figures do not include the use of crop residues and make no use of silage.

To further support this point, in December 1972 we conducted a survey of some 1,100 farmers to determine their reactions to being able to graze set-aside acres during the growing season. Those

contacted indicated that their pasture and hay production capacities were being used at only about two-thirds capacity.

Conclusions

Capacity to expand forage and pasture production, and correspondingly red meat production, is not the problem. The level and stability of livestock prices is

the important factor. Studies indicate that feeder cattle prices will have to be at relatively high levels to induce strong expansion. With high prices, the capacity exists to produce the necessary forage and beef. High prices are required, however, to stimulate the necessary investments in facilities and equipment to handle livestock and forages and to make it profitable to utilize the now unused forages that are there for the harvesting.

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